

# Public Document Pack



To: All Members of the Council

Town House,  
ABERDEEN, 28 March 2012

## COUNCIL MEETING

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **WEDNESDAY, 4 APRIL 2012 at 10.30 am.**

JANE G. MACEACHRAN  
HEAD OF LEGAL AND DEMOCRATIC SERVICES

### **BUSINESS**

- 1 Admission of Burgesses
- 2 Members are requested to resolve that any exempt business on this agenda be considered with the press and public excluded
- 3 Requests for Deputations

### **MINUTES OF COUNCIL**

- 4(a) Minute of Special Meeting of Council of 14th December 2011 - for approval (circulated separately)
- 4(b) Minute of Meeting of Council of 14th December 2011 - for approval (circulated separately)
- 4(c) Minute of Special Meeting of Council of 25th January 2012 - for approval (circulated separately)
- 4(d) Minute of Meeting of Council of 9th February 2012 - for approval (circulated separately)
- 4(e) Minute of Meeting of Urgent Business Committee of 15th March 2012 - for approval (Pages 1 - 2)

## **MINUTES OF STANDING COMMITTEES**

### 5(a) Pamphlet of Minutes (circulated separately)

The following minutes require to be approved by the Council as a result of them being the last meeting before the election:-

Housing and Environment Committee - 24<sup>th</sup> January 2012  
Enterprise, Planning and Infrastructure Committee - 31<sup>st</sup> January 2012  
Social Care and Wellbeing Committee - 2<sup>nd</sup> February 2012  
Housing Cases Review Sub Committee - 14<sup>th</sup> February 2012  
Zero Waste Management Sub Committee - 15<sup>th</sup> February 2012  
Education, Culture and Sport Committee - 23<sup>rd</sup> February 2012  
Audit and Risk Committee - 28<sup>th</sup> February 2012  
Corporate Policy and Performance Committee - 8<sup>th</sup> March 2012  
Homelessness Strategy Working Group - 23<sup>rd</sup> February 2012  
Finance and Resources Committee - 15<sup>th</sup> March 2012

## **BUSINESS STATEMENT AND OTHER MINUTES**

### 6(a) Business Statement (Pages 3 - 8)

## **REFERRALS FROM COMMITTEES**

### 7 No public referrals to date

## **GENERAL BUSINESS**

### 8(a) Union Terrace Gardens Referendum - Report by Chief Executive (Pages 9 - 20)

### 8(b) Treasury Management Policy and Strategy - Report by Director of Corporate Governance - referred by Finance and Resources Committee of 15th March 2012 (Pages 21 - 36)

### 8(c) Gordon Highlanders Commission - Gifting of Maquette - Report by Acting Director of Education, Culture and Sport (Pages 37 - 40)

### 8(d) AECC Development Project - Report by Director of Enterprise, Planning and Infrastructure (Pages 41 - 58)

**Please note that Appendix 1 of the report is listed under the exempt section of the agenda.**

## **MOTIONS**

9(a) **Councillor McCaig**

“In recognition of his successful football career, including his position as the Scotland national team’s joint top goal scorer with thirty goals and as the only Scottish footballer to have been crowned European Footballer of the Year, Council agrees to bestow the Freedom of the City on Denis Law.”

9(b) **Councillor Hunter**

“That Council confers the Freedom of the City upon Paul Lawrie for his services to golf and to the city and for his charitable work.”

9(c) **Lord Provost Peter Stephen**

“That the Council confers the Freedom of the City on Professor Paul Mealor of the University of Aberdeen. Professor Mealor is well known having written the music for the hit song by the Military Wives which topped the music charts in December 2011 - this has brought huge credit to the city and the university, focussing on the military background which the UK are currently involved in.”

## **BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE**

10(a) **Hazlehead Nine Hole Golf Course - Report by Director of Education Culture and Sport - referred simpliciter by Education, Culture and Sport Committee of 23rd February 2012 (Pages 59 - 64)**

10(b) **ADM Project - Report by Director of Corporate Governance - referred by Finance and Resources Committee of 15th March 2012 (Pages 65 - 82)**

10(c) **National Housing Trust Initiative Phase 2 - Report by Director of Housing and Environment (Pages 83 - 88)**

10(d) **AECC Development Project (Appendix 1) - Report by Director of Enterprise, Planning and Infrastructure (Pages 89 - 94)**

Website Address: [www.aberdeencity.gov.uk](http://www.aberdeencity.gov.uk)

To access the Information Bulletins for this Committee please use the following link:  
<http://committees.aberdeencity.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13013&path=13004>

Should you require any further information about this agenda, please contact Martyn Orchard, tel. (52)3097 or email [morchard@aberdeencity.gov.uk](mailto:morchard@aberdeencity.gov.uk)

This page is intentionally left blank

## URGENT BUSINESS COMMITTEE

ABERDEEN, 15 March, 2012 – minute of meeting of the URGENT BUSINESS COMMITTEE. Present: Councillor McCaig, Convener; and Councillors Allan, Crockett, Dunbar, Farquharson, Fletcher (as substitute for Councillor Dean) Kiddie, Malone (as substitute for Councillor Cormack), May, John Stewart, West, Young and Yuill.

The agenda and reports associated with this minute can be located at the following link:

<http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=334&MId=2489&Ver=4>

## DETERMINATION OF URGENT BUSINESS

1. In terms of Standing Order 28(3)(vi), and in accordance with Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, the Committee was informed that it had to determine (1) that the item on the agenda was of an urgent nature; and (2) that the Committee required to consider the item and take a decision thereon.

### The Committee resolved:

to agree that the item was of an urgent nature and required to be considered on this day.

## DRINKING IN PUBLIC PLACES BYELAW TEMPORARY SUSPENSION (EPI/12/088)

2. The Committee had before it a report by the Director of Enterprise, Planning and Infrastructure which sought permission to suspend the operation of the Aberdeen City Council Drinking in Public Places Byelaw 2002, to permit the responsible consumption of alcohol within the boundaries of the Duthie Park for the BP Summer Big Screens on Thursday 17 May, 2012 from 6pm to 11pm and Monday 16 July, 2012 from 6pm to 11pm.

The Legal Manager (Commercial and Advice) advised the Committee that due to the very tight timescales involved, that she could not guarantee the suspension could be granted in time for the 17 May date.

### The Committee resolved:

to instruct the Head of Legal and Democratic Services to undertake the processes necessary to enact the suspension of the byelaw currently in operation, of the existing Aberdeen City Council Drinking in Public Places Byelaw 2002 within the boundaries of the Duthie Park for the BP Summer Big Screens on Thursday 17 May, 2012 from 6pm to 11pm and Monday 16 July, 2012 from 6pm to 11pm.

- **CALLUM McCAIG, Convener.**

This page is intentionally left blank

**COUNCIL  
BUSINESS STATEMENT  
4 APRIL 2012**

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
1.	Council 16.12.09 Article 19	<p><b><u>50m Swimming Pool</u></b></p> <p>The Council approved a number of recommendations regarding design and procurement issues relating to the 50m Pool. The Council agreed that the management of the project be transferred to Aberdeen Sports Village subject to (a) the provision of further legal and financial advice in respect of any potential risks to the Council; and (b) the other partners confirming their financial contribution to the project.</p> <p>The Council requested that Aberdeen Sports Village provide the Council with a report within four months on how they planned to drive the project forward. This is still awaited.</p>	<p>Please see <u>Appendix for full information.</u></p> <p>The Education, Culture and Sport Committee of 2<sup>nd</sup> June 2011 approved the following recommendations:-</p> <p>(d) to approve funding of up to £8 million and this be met from the Non-Housing Capital Programme for the construction of a 10 lane pool subject to:</p> <p>(iii) officers reaching an agreement with partners in regard to the use of the facilities in light of the potential migration of swimming clubs to the new facility; and</p> <p>(iv) officers reaching agreement on a Transfer Agreement Document, which will formalise the transfer of responsibility for the</p>	Director of Enterprise, Planning and Infrastructure	24.03.10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
			<p>delivery and operational phases of the 50 metre pool project to ASV Limited.</p> <p>(f) to instruct officers to report back to the next appropriate meeting of the Council in regard to the progress on the negotiations on items d(iii) and (iv) above.</p> <p>A progress report was considered by Council on 6<sup>th</sup> October 2011, which dealt with the above matters, as well as the latest position regarding negotiations with Aberdeenshire Council. Council approved the recommendations contained within the report and instructed officers to arrange a meeting of the 50m Pool Project Working Group as soon as possible.</p> <p>The request for a report from Aberdeen Sports Village on how they planned to drive the project forward (as referred to in the Committee Decision column on the previous page) has been superseded by events given that construction works have begun.</p>			



<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
			It was recommended to Council in December 2011 that this item be removed from the Business Statement in view of the above information; however Council agreed to retain the item in order that members could be kept informed of discussions with Aberdeenshire Council regarding their funding contribution.			
2.	Council 30.06.10 Article 16	<b><u>The City Garden Project - Quarterly Progress Report</u></b>  The Council agreed to receive quarterly progress reports on the matter.	A report will be made available within the Information Bulletin.	Director of Enterprise, Planning and Infrastructure  Project Director, Economic and Business Development	04.04.12	04.04.12
3.	Council 09.02.12 Article 4	<b><u>Common Good Budget - 2012/13</u></b>  The Council, in approving the recommendations contained within the report with some minor amendments, agreed, amongst other things, to:- (i) instruct the Head of Finance to undertake a review of the level of cash balances that		Head of Finance	27.06.12	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		<p>should be retained for a long term financial strategy, and report back to Council at an appropriate time; and</p> <p>(ii) instruct the Head of Finance to report back to Council on a proposed 5 year budget, taking account of the cash balance strategy to be adopted.</p>				
4.	Council 09.02.12 Article 5	<p><b><u>Non Housing Capital Programme 2012/13 - 2014/15 Budgets</u></b></p> <p>The Council instructed officers to bring a report to a suitable meeting of Council on the alternative funding sources identified within the report with a full options appraisal of each stream, noting that it was likely that such an appraisal would also look at a combination of these sources as funding mechanisms going forward.</p>		Head of Finance	27.06.12	
5.	Council 09.02.12 Article 8	<p><b><u>Local Authority Trading Company (LATC)</u></b></p> <p>The Council agreed, amongst other things, that a Transition Plan be submitted to Council in autumn 2012 seeking final approval to transfer staff and services to the LATC.</p>		Director of Social Care and Wellbeing	Autumn 2012  (dates yet to be agreed beyond June 2012)	

## APPENDIX

### ITEM 1 - 50m SWIMMING POOL

At its meeting of 27<sup>th</sup> April, the Council agreed to delegate authority to the Education, Culture and Sport Committee to make all necessary decisions at its meeting on 2<sup>nd</sup> June 2011, in order to keep the project on track, and that officers report accordingly.

The Education, Culture and Sport Committee of 2<sup>nd</sup> June 2011 approved the recommendations contained within the report, as outlined below, and added an additional recommendation at d(v) "subject to officers receiving clarification from Aberdeenshire Council that their revenue funding contribution remains intact".

#### **The report recommended:-**

that Committee:-

- (a) note the content of the report;
- (b) note that the development cost, based on the most economically advantageous tender for the 10 lane option is £21,918,104 and for the 8 lane option is £21,638,104 compared to the previously reported estimated costs of £23,347,259 for the 10 lane option and £22,726,794 for the 8 lane option;
- (c) note that the total funding available from the other partners as detailed in section 5.3 of the report has increased from the previous total of £10 million reported to Council on 15 December 2010 to £14 million. This being the result of the University of Aberdeen increasing their contribution from £5 million to £8 million and Aberdeen Sports Village Ltd. (ASV Limited) agreeing to underwrite the shortfall of £1 million for the 10 lane option to ensure that the funding package can be secured. The remaining balance of external funding coming from a £5 million grant from **sportscotland**;
- (d) agree to approve funding of up to £8 million and this be met from the Non-Housing Capital Programme for the construction of a 10 lane pool subject to:
  - (i) the Corporate Asset Group, on behalf of the Corporate Management Team, managing the overall spend of the Non-Housing Capital Programme in 2011/12 to stay within approved spending limits and to take into account the future capital demand for this project in the budget process for 2012/13 and 2013/14;
  - (ii) the revenue support for the ongoing costs of the project being capped at £250,000 per annum at 2010/11 prices with a review of future indexation once the facility is nearing completion of the construction phase;
  - (iii) officers reaching an agreement with partners in regard to the use of the facilities in light of the potential migration of swimming clubs to the new facility; and
  - (iv) officers reaching agreement on a Transfer Agreement Document, which will formalise the transfer of responsibility for the delivery and operational phases of the 50 metre pool project to ASV Limited.
- (e) note that the most economically advantageous tender for the 50 metre pool project was submitted by Contractor A, and subject to the Committee agreeing to approve funding on the basis of recommendation (d), to instruct officers to arrange, in conjunction with Aberdeen University and Aberdeen Sports Village Ltd., to appoint Contractor A as the Principal Contractor, based on their tender figure for the 10 lane option which results in an overall development cost of £21,918,104;
- (f) **to instruct officers to report back to the next appropriate meeting of the Council in regard to the progress on the negotiations on items d(iii) and (iv) above;** and
- (g) to note that the provision of a 50 metre pool has been included within the scope of the Water Management Plan currently underway, and will also be included within the report to Committee, due on 15 September 2011. The Committee should be aware that historically there has been a recognition that the city has a greater number of swimming pools for the size of population than elsewhere. **sportscotland** is providing support to model the existing water provision and future needs. The recommendations will also take full account of the

2  
reducing revenue and capital budgets and the costs associated with the 50 metre pool and are likely to include a reduction in the number and range of facilities.

At its meeting on 17<sup>th</sup> August 2011, the Council agreed that the above information be added back in to the business statement, and noted that a report would be submitted to the meeting on 6<sup>th</sup> October 2011.

## ABERDEEN CITY COUNCIL

---

COMMITTEE	Council
DATE	4 April 2012
LEAD OFFICER	Chief Executive
TITLE OF REPORT	Union Terrace Gardens Referendum
REPORT NUMBER:	OCE/12/004

---

### 1. PURPOSE OF REPORT

At its meeting on 14 December 2011 the Council considered a report from the Chief Executive on a possible referendum as a means of gauging public opinion with regard to the proposed City Garden Project (OCE/11/017). The Independent Counting Officer's report on the referendum is now brought to Council along with a final account for the spending incurred on the delivery of the poll.

### 2. RECOMMENDATIONS

That the Council resolves:

- i) to note the content of this report; and
- ii) to forward the Independent Counting Officer's report to the Scottish Government for its interest.

### 3. FINANCIAL IMPLICATIONS

At its meeting on 14 December 2011 the Council resolved i) to accept the offer made by Sir Ian Wood on behalf of the Wood Family Trust of 80% of the costs of the referendum up to a total of £200,000 payable by the Trust and ii) to allocate up to £50,000 from the Council's contingency budget to meet the costs not met by the Trust or any other available source.

The final account of spend on the delivery of the referendum is a total of £218,500. 80% of this figure gives £174,800 to be claimed from the Wood Family Trust. The remaining £43,700 will be met from the Council's contingency budget.

### 4. OTHER IMPLICATIONS

The Independent Counting Officer's report deals with the other implications of the referendum.

5. BACKGROUND/MAIN ISSUES

At its meeting on 14 December 2011 the Council resolved to agree the appointment of Crawford Langley as Independent Counting Officer responsible for the delivery of the referendum on the possible redevelopment of Union Terrace Gardens.

Attached is his report on the referendum.

6. IMPACT

The report deals with matters relating to the proposed City Garden Project and as such is likely to be of interest to the public.

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

Ciaran Monaghan  
Head of Service, Office of Chief Executive  
01224 522293  
[cmonaghan@aberdeencity.gov.uk](mailto:cmonaghan@aberdeencity.gov.uk)

## **Referendum on Possible Development of Union Terrace Gardens Report by Independent Counting Officer**

### **1 Introduction**

- 1.1 I was commissioned by Aberdeen City Council at its meeting on 14 December 2011 to conduct, independently of the Council, a referendum on the possible development of Union Terrace Gardens and to report the result to the City Council.
- 1.2 This report is submitted in fulfilment of that commission.

### **2 Result of Referendum**

- 2.1 My formal declaration of result and statement of rejected votes is attached as an appendix to this report. Briefly stated, there was a majority of 4126 in favour of the City Garden Project Design on a 52% poll with 92 spoiled papers.
- 2.2 In addition I was obliged to reject 643 responses from voters at the stage of opening returned postal votes on the grounds that no ballot paper was enclosed, no Declaration of Identity was enclosed or the Declaration of Identity was unsigned. This is standard practice, required by legislation in an election. These responses are not included in the result.
- 2.3. 335 "B" envelopes were returned by Royal Mail on Friday 2<sup>nd</sup> March. As they were delivered to me after Close of Poll, I was, in accordance with standard election practice, unable to accept these.

### **3 Factors Possibly Affecting Result**

- 3.1 At the time I was commissioned, I undertook in intimating the result, to comment on any factors which, in my opinion, may have had an impact on the result. While I comment below on various aspects of the referendum and the desirability of establishing a statutory framework for local referenda in Scotland, I certify that, in my opinion, there were no factors which may have had an impact on the result.

### **4 Timing**

- 4.1 It is a fundamental point of electoral administration, re-emphasised in the Gould Report of 2007, that the interests of voters must be paramount. Given the proximity of the local government elections on 3<sup>rd</sup> May, with the Notice of Election being published on 13<sup>th</sup> March, it was imperative to avoid possible confusion in the minds of voters, that the referendum should be concluded by early March. It would have been illegal to combine the non-statutory referendum with the statutory

election and any overlap would have given rise to possible challenge by candidates.

- 4.2 I chose to fix 1<sup>st</sup> March 2012 as “Referendum Day” with the poll closing at 17.00 hours on that day. Voting packs were issued on 16<sup>th</sup> February and were delivered by Royal Mail over the following two days. (I was advised by Royal Mail that, due to the high volume of items (c166,000), involving delivery to virtually every residential address in Aberdeen, this staggering of deliveries was essential). It should be noted that, for an election, the number of postal votes is roughly 30,000.

## **5. Franchise**

- 5.1. In view of the provisions of Regulation 106 of the Representation of the People (Scotland) Regulations 2001, the only complete Register of Electors to which I could legally have access was that for voters having a qualifying address within the City of Aberdeen. This meant that the franchise was necessarily restricted to those registered as local government electors at a qualifying address within the City boundary.
- 5.2 I was made aware of the desire of the Council and a prospective funding party that young people should be involved in the referendum as far as possible. In acceding to this desire, I chose to extend the franchise to “attainers” i.e. those included on the current Register of Electors and who would attain the age of 18 during the life of the Register, viz by 30<sup>th</sup> November 2012. This arrangement, while perhaps less extensive than some would have wished, had the advantage of logic and security and put all voters on exactly the same footing. It was also practicable within the time available.

## **6 Structure of the Referendum**

- 6.1 While Regulation 106 of the 2001 Regulations allows the City Council to use the full (as opposed to the edited) Register of Electors for the conduct of a local referendum, there is no other statutory provision applicable to such a referendum. It is also to be noted that no further alteration was made to the Regulations regarding the supply of the full Register to take account of the circumstances of a referendum. As members will be aware from a note already circulated on my behalf, I am of the opinion that this has resulted in me being unable to fulfil the reasonable expectations of certain campaigning organisations that they would be able to obtain copies of the marked Register in the way that they could in an election. This is a point which might usefully be addressed by the Scottish Parliament.
- 6.2 In the absence of legislation, it fell to me to devise a set of rules for the conduct of the referendum and, so far as possible; I modelled these on those applicable to a local government election in Scotland. Significantly, however, without legislative backing, I had no power of



enforcement in relation to anyone other than registered campaigning organisations, with whom I had a contractual relationship.

- 6.3. The decision to conduct the referendum by post had effectively been taken by the Council prior to my appointment but, in my opinion, this was by far the most secure method of proceeding in a non-statutory poll. I deal with this in greater detail under “Security of the Poll” below.
- 6.4 The absence of legislation allowed the opportunity to introduce certain innovations for the convenience of voters without compromising the security of the poll. I chose to provide a facility to vote online or by telephone. Again, this is covered in further detail below.

## **7 Independence**

- 7.1. As indicated above, I was commissioned at the instance of the City Council’s Chief Executive to conduct the referendum independently to avoid any allegation that the Council’s position in relation to the City Garden Project might have led to improper manipulation of the poll.
- 7.2. In keeping with this intention, I chose to commission Democracy Counts, a well established and experienced supplier of election systems to undertake, under my supervision, most of the work associated with the Referendum. The choice of Democracy Counts was made after a rigorous tendering process. While I had to be satisfied with the outcome, I am pleased to acknowledge the hard work that was undertaken within the Council, primarily by David Gow and Helen Castle in preparing the documentation and conducting the tendering process. This was fundamental to the referendum timetable. In addition I deemed it prudent to appoint David Gow and Lauren Kennedy, two of the Council’s Depute Returning Officers, and consequently accustomed to acting with the utmost impartiality, as Depute Counting Officers, in case I should be unavoidably absent.
- 7.3 The systems supplied by Democracy Counts were devised and supervised by the former Depute Returning Officer from a large Scottish authority, whose experience in electoral matters is very similar to my own. The final approval of the systems was by me.
- 7.4 All staff for the opening of postal votes and for the count were provided by Democracy Counts - the majority from the Manchester area, with some from the Central Belt of Scotland. None therefore had any direct interest in the outcome of the referendum.
- 7.5 The facilities for online and telephone voting were supplied and managed by Democracy Counts.
- 7.6 The Voting Packs were designed to my specification by Democracy Counts and printed under their, and my, supervision by a security

printer in Manchester. The packs were loaded on to a Royal Mail truck in Manchester and driven direct to Aberdeen for delivery.

## **8 Online and Telephone Voting**

- 8.1 Some have questioned whether a poll which offered voters the opportunity to vote online or by telephone can properly be described as an “all postal” poll. I would defend my decision so to describe it on the basis that every voter received a voting pack through the post and it was receipt of this pack which enabled the individual to vote by any of the three channels and which was fundamental to the security of the referendum.
- 8.2 The pack, in addition to details of the referendum and statements by registered campaigning organisations, contained a ballot paper and simple Declaration of Identity for use if voting by post and two, randomly generated, security codes for use in voting online or by telephone.
- 8.3 These codes were available for single use only on the electronic channels and were cross referenced electronically to a bar code on the Declaration of Identity. These bar codes were scanned on receipt of the postal vote and the electronic channels blocked for that individual.
- 8.4. This system ensured that any attempts at multiple voting were readily identified. A total of 74 cases where an individual had voted both electronically and by post were identified. I took the view that, given the geographical dispersion of these instances and the fact that in a number of them, the voter had written on the ballot paper that he/she had also voted electronically but was submitting the paper version to make sure that the vote was counted, there was no indication of a serious attempt at fraud and that it would be churlish to disenfranchise the individuals. In all 74 cases, therefore, I accepted the postal vote and rejected the electronic version.
- 8.5 The systems used for online and telephone voting were provided and administered by Democracy Counts. They met industry standards for secure sites and, in addition to tests to which I subjected them, they were independently audited by a company specialising in “penetration testing” or “ethical hacking”. No flaws were found. No problems were experienced in the operation of the systems and there was no downtime during the period over which they operated.
- 8.6. A number of individuals contacted my office to complain that they could not access the online voting site. In all cases it transpired that they had been trying to access it through a search engine, rather than by typing the web address in the address bar of the browser. As a security measure, the site had been designed in such a way that it would not be picked up by any search.

## **9 Security of the Poll**

- 9.1 As indicated above, the use of postal packs to initiate the process, allowed allegations of theft to be investigated. Two such cases, where an individual claimed to have stolen his neighbours' voting packs and used them were brought to my attention. These were referred to the Police and, following investigation, it was established that the individuals had not done that to which they had confessed. Furthermore, it was open to any voter who had not received a voting pack to apply to my office for a replacement. A total of 88 individuals, from addresses widely spread across the City applied for replacements. This figure compares favourably with that experienced in recent elections where the number of postal votes is roughly one fifth of that issued in the referendum. Naturally, the codes on the original pack were invalidated prior to the issue of a replacement.
- 9.2 The absence of legislation imposed limitations on the extent to which the identity of voters could be checked. In an election, statute requires that those voting by post provide in advance to the Electoral Registration Officer, "Personal Identifiers" in the form of date of birth and specimen signature which are used as a control against which are checked the details provided by the voter on the "Postal Voting Statement" accompanying the ballot paper. Since all voters, whether normally in receipt of postal votes or not, were to receive postal votes in the Referendum, it was impossible to obtain personal identifiers and I chose to simply require a signature confirming that the voter was the person to whom the ballot paper was issued.
- 9.3 While this arrangement was not ideal, it did produce sufficient of a paper trail to allow proceeding for forgery to be pursued if necessary and it was no less secure than the Declarations of Identity used in statutory elections until very recently.
- 9.4. Similarly, while it would have added to the security of the online and telephone systems to have separated the codes and sent one with a poll card and the other with the voting pack (or even, with suitable legislation, to use the individual's date of birth as one), this was not practical in the time and budget available. I do not regard this as in any way undermining the security of the system used for the referendum since it was the exact equivalent of the signature required on the Declaration of Identity. In theory, anyone gaining possession of a postal pack could have used either the codes or the postal vote but, voters must be credited with taking reasonable precautions to protect their votes and, as indicated above, only 88 individuals alleged that, at some point in the process, their votes had gone missing.

## **10 Campaigning**

- 10.1 Unlike an election, where statute imposes strict limits on who can campaign and how much they can spend, there were no such limits for the referendum.
- 10.2. In an effort to instil some discipline, I adopted the model used by the Electoral Commission in the recent referendum on the voting system and made provision for "Registered Campaigning Organisations". In return for registration with my office and acceptance of certain basic rules, notably an expenditure limit on the local government election scale of around £8,000, I undertook to circulate a brief campaigning statement on behalf of these organisations.
- 10.3 Ten organisations availed themselves of this facility, seven advocating retention of the Gardens and three the City Garden Project Design.
- 10.4 The time limit for the return of financial statements has not yet expired. I have however, already received some and these give no cause for concern.
- 10.5 I received a number of complaints concerning campaigning and, on investigation, I established that, in every case, the activity was by an unregistered organisation over which I had no jurisdiction. It was obvious that at least one of these organisations had incurred expenditure in excess of that permitted to a registered organisation. In one case where it was alleged that there was a link between a registered and unregistered organisation, I contacted the registered organisation and received assurances that all concerned were aware of the rules and would abide by them. I have no reason to doubt the honesty of that response.
- 10.6 While I would welcome legislation to regulate campaigning, I have a fairly high regard for the intelligence of voters and their ability to make up their own minds independently of, or perhaps despite, a constant barrage of propaganda. Overall the number of complaints was small and, significantly, they tended to come from registered groups rather than voters.
- 10.7 It is proper to record two matters relating to the issue of campaigning statements with voting packs. In the first, the printed statement on behalf of the Aberdeen and Aberdeenshire Green Party was truncated in the booklet issued in the voting packs. This was raised with me by the organisation concerned shortly after the packs were issued and I arranged for a full version to be issued on various websites and in the media. Significantly, the only complaint I received from a voter was to the effect that the corrective action was giving undue prominence to the Green Party. In the other case, while the full text was included, the spacing on the online version was faulty and two different statements ran into each other. While it was corrected immediately it was drawn to

my attention, this was far less serious since only online voters could have seen the error and there were relatively few of those by the time it was corrected. In addition these two statements were correctly reproduced in the printed booklet which every voter would have before going online. It is a matter of conjecture whether anyone referred to the online statements – no voter raised the issue.

## **11 Opening of Postal Votes**

- 11.1 The opening of postal votes was undertaken by Democracy Counts staff at daily sessions at the Beach Ballroom from 21<sup>st</sup> February to 1<sup>st</sup> March inclusive. Agents of registered campaigning organisations were notified of these sessions and invited to attend. I was disappointed in the response to this invitation. Only two organisations sent representatives and only one of them on more than one occasion. While this can be construed as a massive vote of confidence, I regard the attendance of agents and the need to answer their questions as a useful part of ensuring public confidence in a poll.
- 11.2 In a departure from normal practice in an election (but still in conformity with the Election Rules) votes were split according to preferences at the opening sessions but not counted.

## **12 The Count**

- 12.1 The count took place at the Beach Ballroom on the morning of 2<sup>nd</sup> March. Again the proceedings were undertaken by Democracy Counts staff who used banknote counting machines to count the bundles of pre-sorted papers. Prior to the commencement of the paper count, I declared the results of the online and telephone voting.
- 12.2 While the count was open to agents of the campaigning organisations, I was again disappointed both in the attendance and in the general lack of interest in the process. Although I regard it as an expression of confidence, it is unusual, to say the least for the Counting Officer to have to make a public announcement, advising agents of their rights and pleading with them to request that they be shown the contents of a random selection of bundles of votes.
- 12.3 The result was declared around 13.00 hours after 3 hours of counting.

## **13 General**

- 13.1 I wish to express my thanks to Aberdeen City Council for entrusting the conduct of the referendum to me. While it was an interesting and enjoyable experience in being able to conduct a ballot in the interests of voters free from outside constraints, I am strongly of the opinion that there are certain aspects of the referendum process which would benefit from a legislative framework and would suggest that representations to that effect might be made to the Scottish

Government. That is not to suggest that the current referendum was other than fair. As I have indicated above, I have no reason to doubt that the result of the referendum accurately reflected the will of the 52% of eligible voters who chose to vote.

**Crawford Langley**  
**Independent Counting Officer**  
**21 March 2012**

(The formal declaration of result and statement of rejected votes is attached as an appendix to this report. The figures in brackets at *number of votes* refer to the votes cast by post.)

# ABERDEEN CITY COUNCIL

## Referendum on the Redevelopment of Union Terrace Gardens

1 March, 2012

Electorate 165,830

Total Votes Cast 86,568

Percentage Poll 52%.

Here is the result of the Referendum on the redevelopment of Union Terrace Gardens:

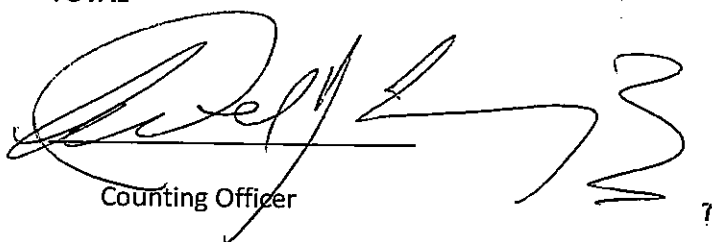
<u>Proposition</u>	<u>Number of Votes</u>	
For the retention of Union Terrace Gardens	<u>41,175</u>	(24,820)
For the City Gardens Design Project	<u>45,301</u>	(23,800)
The number of rejected ballot papers was	<u>92</u>	
<b>TOTAL</b>	<u><u>86,568.</u></u>	

I declare The City Garden Design Proj. to have obtained the majority of votes cast in this referendum.

The majority for The City Garden Design Proj was 4126.

### STATEMENT OF REJECTED BALLOT PAPERS

Want of Official Mark	<u>0</u>
Voting for more than one proposition	<u>8</u>
Writing or mark by which the voter could be identified	<u>17</u>
Unmarked or void for uncertainty	<u>67</u>
<b>TOTAL</b>	<u><u>92</u></u>

  
Counting Officer

This page is intentionally left blank



## ABERDEEN CITY COUNCIL

---

COMMITTEE:	Finance and Resources
DATE:	15 March 2012
DIRECTOR:	Stewart Carruth
TITLE OF REPORT:	Treasury Management Policy and Strategy
REPORT NUMBER:	CG/12/024

---

### 1. PURPOSE OF REPORT

To outline Treasury Management Policy and Strategy for 2012/13 to 2014/15, for approval.

### 2. RECOMMENDATION(S)

The Committee is asked to consider the report and make recommendations to Council for approval as follows:-

- a) Consider and approve the Council's Treasury Management Policy Statement for 2012/13 to 2014/15, and
- b) Consider and approve the Council's Borrowing and Investment Strategy for 2012/13 to 2014/15, and
- c) Note the Council's Prudential Indicators for 2012/13 to 2014/15, as detailed at Appendix 4.

### 3. FINANCIAL IMPLICATIONS

Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts upon costs chargeable to the Council's revenue budgets through the interest rates that are applied to capital financing costs. Whilst the level of borrowing a Council can undertake is now devolved from the Scottish Government to individual Councils, it will still be constrained by the requirement for capital investment to be affordable, sustainable and prudent. The main test of affordability will be whether the capital financing costs can be contained within the revenue budgets.

### 4. SERVICE & COMMUNITY IMPACT

None

## 5. OTHER IMPLICATIONS

If an active Treasury Management policy is not undertaken and implemented there may be future budgetary implications for the Council through greater than budgeted capital financing costs.

## 6. REPORT

### 6.1 Introduction

The Council previously approved a Treasury Management policy on 21 April 2011. Part of this policy is to report annually on strategy for future financial years. A final report reviewing Treasury Management activities for the year, as well as a mid-year review, will also be presented to Committee in due course.

With effect from 1 April 2004, Councils are now required by regulation to have regard to the Prudential Code (the Code) when carrying out their duties under part 7 of the Local Government in Scotland Act 2003.

It is a requirement of this Code that Treasury Management is carried out in accordance with good professional practice. The Code requires the Council to comply with CIPFA "Code of Practice for Treasury Management in the Public Services", which this Council does. The 2009 update to the CIPFA Code of Practice states that Treasury Management Strategy must be approved annually by full Council.

Historically, the Council's annual programme of capital investment has been funded by Treasury Management activities, such as additional long-term borrowing.

### 6.2 Treasury Management Policy Statement 2012/13 to 2014/15

The proposed Treasury Management Policy Statement for 2012/13 to 2014/15 is set out in detail at Appendix 1, and is subject to annual review.

This Policy Statement uses a form of words as recommended by CIPFA in its Code of Practice for Treasury Management in the Public Services

### 6.3 Borrowing and Investment Strategy 2012/13 to 2014/15

There are no key changes within the Council's Borrowing and Investment Strategy for 2012/13 to 2014/15.

Updated investment regulations were approved by the Scottish Government from April 2010. Under these regulations, Appendix 2 includes for Committee's consideration and approval, the Council's Borrowing and Investment Strategy for 2012/13 to 2014/15. This will be subject to annual review.

The process of setting this strategy takes account of the pre-existing structure of the Council's debt and investment portfolios.

The limits on fixed rate debt and variable rate debt within this Treasury Management Strategy may be subject to further change, in line with market conditions. However, any such change to these limits would be reported to Committee.

One of the key areas of the investment regulations is permitted investments. Under the regulations, local authorities are required to set out in their Strategy the types of investment that they will permit in the financial year. These will be known as permitted investments. The Council is required to set a limit to the amounts that may be held in such investments at any time in the year, although some types of investment may be classed as unlimited.

Permitted Investment instruments identified for use in the financial years 2012/13 to 2014/15 are listed in Appendix 2, together with the Council's Counterparty list which is listed in Appendix 3.

The Annual Investment Strategy is also required to identify:-

- the different types of risk that each permitted type of investments are exposed to;
- the objectives for each type of permitted investment;
- details of the maximum value and maximum period for which funds may prudently be invested; and
- procedures for reviewing the holding of longer-term investments

## 6.4 Other Developments

### Prudential Code

The Council is required to comply with the requirements of the Prudential Code. This includes the setting of a number of Prudential Indicators. Included within these indicators are a number of Treasury Management Indicators for External Debt.

However, the Code does state "It will probably not be significant if the operational boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate".

The Council has in place an early warning system to highlight when these indicators are likely to be breached. No indicators were breached during the previous year.

The indicators for use in the financial years 2012/13 to 2014/15 are listed in Appendix 4.

### National Limit on Local Authority Borrowing

HM Treasury has a reserve power to limit local authority borrowing for 'national economic reasons'. Legislation specifies that any such 'National Limit' would be used to protect the country's economic interest if local borrowing under the Prudential Code, albeit prudent locally, were unaffordable nationally.

In principal, a national limit could be set at any point during any financial year. Any such national limit would be implemented, based on local authorities outstanding borrowing with all future borrowing being reduced proportionately. There are no known plans for the introduction of a National Limit at this time.

## 7. AUTHORISED SIGNATURE

Barry Jenkins, Head of Finance, [bjenkins@aberdeencity.gov.uk](mailto:bjenkins@aberdeencity.gov.uk), (52)2551

## 8. REPORT AUTHOR DETAILS

Neil Stewart, Treasury Officer, [nstewart@aberdeencity.gov.uk](mailto:nstewart@aberdeencity.gov.uk), (52)2696

## 9. BACKGROUND PAPERS

CIPFA "Code of Practice for Treasury Management in the Public Services",  
Sector Treasury Services "Treasury Management Annual Investment Strategy",  
Scottish Government "The Investment of Money by Scottish Local Authorities".

ABERDEEN CITY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT FOR 2012/13 TO 2014/15

The proposed Treasury Management Policy for 2012/13 to 2014/15 is as follows:

1. Aberdeen City Council will adopt the CIPFA Treasury Management in Public Services Code of Practice. The Council will also have regard to the Local Government Investment (Scotland) Regulations 2010.
2. This organisation defines its treasury management activities as:  
The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
3. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
4. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
5. The Council's appointed Treasury Advisors are Sector Treasury Services. Their expertise will continue to be used by the Council in making Treasury decisions in areas such as debt rescheduling, interest rate forecasts, market conditions, advice on new types of financial instruments and compiling the Council's Counterparty list.

ABERDEEN CITY COUNCILBORROWING STRATEGY FOR 2012/13 TO 2014/15

The proposed Treasury Management Borrowing Strategy for 2012/13 to 2014/15 is as follows:

1. Under the Prudential Code previous borrowing restrictions linked to consents no longer apply. Short-term PWLB (Public Works Loans Board) rates for periods of up to 10 years continue at relatively low levels and the strategy would be to borrow, if required, in these periods to take advantage of those rates. In addition to PWLB, there may be an opportunity to use longer-term LOBO (Lenders Option, Borrowers Option) loans later in the year, once interest rates start to rise again. Rates are monitored on an on-going basis to determine the optimum time to undertake any necessary borrowing. When decisions on new borrowing are being made, due consideration must also be given to the Council's Debt Maturity Profile.
2. Approximately 81% of the Council's borrowing is in fixed rate money which reflects the low interest rates in recent years. Whilst there is no immediate intention to reschedule debts in 2012/13, if opportunities arise to do so that will result in a decrease in the Council's cost of borrowing then these will be fully examined to determine whether this represents Best Value. Due care and attention to FRS 25 and 26 will be examined prior to entering any such commitment.
3. It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2012/13, 2013/14 and 2014/15 of 95% of its net outstanding principal sums.
4. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2012/13, 2013/14 and 2014/15 of 30% of its net outstanding principal sums. This means that the Head of Finance will manage fixed interest rate exposures within the range 70% to 95% and variable interest rate exposures within the range 5% to 30%.
5. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper limit	Lower limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	25%

6. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

The Scottish Government defines 'Borrowing in Advance of Need' as "*borrowing undertaken by the local authority which will result in the total external debt of the local authority exceeding the estimated capital financing requirement of the local authority at the end of the next twelve month period*".

## INVESTMENT STRATEGY FOR 2012/13 TO 2014/15

The proposed Treasury Management Investment Strategy for 2012/13 to 2014/15 is as follows:

1. The Council's investment priorities are: -
  - (a) the security of capital and
  - (b) the liquidity of its investments.
2. The risk appetite of this Council is low in order to give priority to security of its investments. The Council will also aim to achieve the optimum return on its investments in line with proper levels of security and liquidity.
3. The Council's approved counter party list will be adhered to when making short-term investments and reviewed as necessary. This ensures that only those counter parties with the highest credit ratings are used within the maximum limits set. If it is considered necessary to make any changes to the list Committee approval will be sought.
4. Prior to the introduction of the new investment regulations, investments made by Scottish local authorities were limited to one year. This restriction was removed from 1<sup>st</sup> April 2010 and the Council accordingly wishes to make use of these new powers at times when such investing is both appropriate and attractive.
5. Short-term investment rates for periods of up to 12 months continue at relatively low levels and in line with the Council's recent borrowing strategy of borrowing short-term to take advantage of lower rates, the Council does not envisage having substantial surplus funds to invest. Therefore any surplus cash which the Council does have at its disposal will be required to be kept fairly liquid for cashflow purposes, and accordingly will be invested on a short-term basis, using either Bank deposits or Money Market Funds.
6. Rates are monitored on an on-going basis to determine the optimum time to undertake any investments. When decisions on new investments are being made, due consideration must also be given to the Council's projected cashflow position.
7. With the introduction of the new investment regulations, the Local Authority investment market will start to develop new products. In order to protect against any possible loss of income, the power to add a new investment instrument to the list of Permitted Investments, should be delegated to the Head of Finance. Any such approval would be reported at the next committee meeting.



## LIST OF PERMITTED INVESTMENTS

This Council approves the following forms of investment instrument for use as permitted investments: -

DEPOSITS - Unlimited (subject to individual Counterparty list limits)

Debt Management Agency Deposit Facility

Term deposits – local authorities (as per Counterparty list)

Call accounts – banks and building societies (as per Counterparty list)

Term deposits – banks and building societies (as per Counterparty list)

Fixed term deposits with variable rate/maturities (Structured deposits, as per Counterparty list)

COLLECTIVE INVESTMENT SCHEMES - £30m

Government Liquidity Funds

Money Market Funds

Enhanced cash funds

Gilt Funds

Bond Funds

GOVERNMENT SECURITIES - £10m

Treasury Bills

UK Government Gilts

Bond issuance (from financial institution guaranteed by UK Government)

Bonds issued by multilateral development banks

CORPORATE SECURITIES - £10m

Certificates of deposit (as per Counterparty list)

---

## PERMITTED INVESTMENTS - NON TREASURY INVESTMENTS

The Council can also invest in the following areas, which are outwith the Treasury Management scope and would be subject to separate committee approval: -

- a) All share holding, unit holding and bond holding, including those in a local authority owned company;
- b) Loans to a local authority company or other entity formed by a local authority to deliver services;
- c) Loans made to third parties are investments;
- d) Investment properties.

## TREASURY RISKS AND CONTROLS

All investment instruments listed are subject to the following risks: -

1. Credit and counter-party risk: this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have a very high level of creditworthiness.

Control: This authority has set minimum credit criteria to determine which counterparties are of high creditworthiness to enable investments to be made safely.

2. Liquidity risk: this is the risk that cash will not be available when it is needed. All counterparties are subject to at least a very small level of liquidity risk, as credit risk can never be zero. Liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: - a. cash may not be available until a settlement date up to three days after the sale b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.

Control: This authority has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.

3. Market risk: this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long-term increase in value.

Control: This authority does not purchase investment instruments that are subject to market risk in terms of fluctuation of their value.

4. Interest rate risk: this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for instruments with a variable rate of interest.

Control: This authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise borrowing costs.

5. Legal and regulatory risk: this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Control: This authority will not undertake any form of investing until it has ensured that it has all the necessary powers and also complied with all regulations.

**ABERDEEN CITY COUNCIL  
COUNTERPARTY LIST**

**Deposits up to 12 months**

**UK Nationalised and Part Nationalised Banks - £20m limit**

Lloyds Banking Group (includes Lloyds TSB Bank plc, Halifax Bank of Scotland)

The Royal Bank of Scotland plc

(includes National Westminster Bank plc, Ulster Bank Ltd)

**UK Banks - £10m limit**

HSBC Bank plc

**UK Local Authorities, including Police Authorities - £10m Limit**

**Deposits up to 6 months**

**UK Banks - £10m limit**

Barclays Bank plc

**UK Building Societies - £10m limit**

Nationwide Building Society

**Deposits up to 3 months**

**Council's Bankers - £20m limit**

Clydesdale Bank plc

**UK Banks - £10m limit**

Santander UK plc (includes Abbey, Alliance & Leicester plc, Cater Allen)

**ABERDEEN CITY COUNCIL  
2012/13 to 2014/15**

**THE PRUDENTIAL CODE  
For Capital Finance in Local Authorities**

From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

In setting the revenue and capital budgets, members will be aware that under the Prudential Code, the level of capital investment is determined locally. Therefore, these indicators will be reviewed on an ongoing basis to ensure that the Council does not breach the indicators it sets.

The key objectives of the Code are to ensure:-

- The Council's capital programmes are affordable, prudent and sustainable.
- Treasury management decisions are taken in accordance with good professional practice.

The Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

In setting the indicators, cognisance should be paid to the level of capital investment looking ahead for a three year period, for both the housing and non-housing capital programmes that the Council wishes to embark upon. For the purposes of this report, the underlying requirement to finance the 3R's project has been ignored on the basis that it is anticipated that the contract will continue to run as normal.

The Code requires the Council following Prudential Indicators are set for the Council:-

	<b>Capital Expenditure</b>				
	<b>2010/11 £'000 Actual</b>	<b>2011/12 £'000 Estimate</b>	<b>2012/13 £'000 Estimate</b>	<b>2013/14 £'000 Estimate</b>	<b>2014/15 £'000 Estimate</b>
Non HRA	60,588	35,155	32,060	31,469	28,954
HRA	52,911	46,540	39,825	37,563	35,178

	<b>Ratio of Financing Costs to Net Revenue Stream</b>				
	<b>2010/11 Actual</b>	<b>2011/12 Estimate</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
Non HRA	7.2%	7.4%	7.6%	7.6%	7.7%
HRA	15.0%	16.7%	19.3%	20.5%	22.2%

	<b>Capital Financing Requirement</b>				
	<b>2010/11</b> <b>£'000</b> <b>Actual</b>	<b>2011/12</b> <b>£'000</b> <b>Estimate</b>	<b>2012/13</b> <b>£'000</b> <b>Estimate</b>	<b>2013/14</b> <b>£'000</b> <b>Estimate</b>	<b>2014/15</b> <b>£'000</b> <b>Estimate</b>
Non HRA	438,826	512,922	497,824	487,694	475,997
HRA	188,068	245,646	262,929	276,603	288,158
<b>Total</b>	<b>626,894</b>	<b>758,568</b>	<b>760,753</b>	<b>764,297</b>	<b>764,154</b>

The Prudential Code states:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.” For example, the 2012/13 total authorised limit for external debt (£678.398 million per table below) should not exceed the total capital financing requirement as at 2014/15 (£749.763 million per table above).

The Head of Finance reports that the Council can meet this requirement in 2012/13, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	<b>Authorised Limit for External Debt</b>			
	<b>2011/12</b> <b>£'000</b>	<b>2012/13</b> <b>£'000</b>	<b>2013/14</b> <b>£'000</b>	<b>2014/15</b> <b>£'000</b>
Borrowing	638,606	664,198	690,895	713,184
Other Long Term Liabilities	15,598	15,201	14,804	14,407
<b>Total</b>	<b>654,204</b>	<b>679,399</b>	<b>705,699</b>	<b>727,591</b>

	<b>Operational Boundary for External Debt</b>			
	<b>2011/12</b> <b>£'000</b>	<b>2012/13</b> <b>£'000</b>	<b>2013/14</b> <b>£'000</b>	<b>2014/15</b> <b>£'000</b>
Borrowing	639,289	649,966	662,145	670,313
Other Long Term Liabilities	0	0	0	0
<b>Total</b>	<b>639,289</b>	<b>649,966</b>	<b>662,145</b>	<b>670,313</b>

The estimate of the incremental impact of capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

(a) for the Band D Council Tax

<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
£0	£0 (Prov)	£0 (Prov)

(b) for average weekly housing rents (assuming that increased capital investment is financed by way of cfc and borrowing)

<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
£1.61	£0 (Prov)	£0 (Prov)

This page is intentionally left blank



## ABERDEEN CITY COUNCIL

---

COMMITTEE	<b>Council</b>
DATE	<b>4<sup>th</sup> April 2012</b>
ACTING DIRECTOR	<b>David Leng</b>
TITLE OF REPORT	<b>Gordon Highlanders Commission – gifting of Maquette</b>
REPORT NUMBER:	<b>ECS/12/016</b>

---

### **1. PURPOSE OF REPORT**

This report seeks approval for the maquette made as part of the commission process for the Gordon Highlanders statue, by artist Mark Richards, to be donated to the Gordon Highlanders Regimental Museum in Aberdeen.

### **2. RECOMMENDATION(S)**

It is recommended that Elected Members accord with the request of the former Gordon Highlanders working group and approve the gifting of the maquette to the regimental museum.

### **3. FINANCIAL IMPLICATIONS**

£125,000 was allocated over two years (2010/2011 and 2011/12) from the Common Good to pay for the full commission and related activity. The value of the maquette is £5,000, was paid as part of this allocation and is owned by Aberdeen City Council. It is currently in the care of Aberdeen City Council's Museums and Galleries section.

There are no financial implications arising from the gifting of the work to the regimental museum.

### **4. OTHER IMPLICATIONS**

There are legal or other implications arising from this report.

### **5. BACKGROUND/MAIN ISSUES**

The Council meeting on 24<sup>th</sup> June 2009 agreed a motion requesting that 'Aberdeen City Council funds and erects a commemorative statue to the Gordon Highlanders'.

The Gordon Highlanders working group, consisting of Elected Member and regimental representation, on 4<sup>th</sup> August 2010, after a formal selection process, chose Mark Richards to complete the commission. The artist worked closely with costumiers, the Gordon Highlanders Museum and regimental representatives to ensure complete accuracy in the representation of the figures. The figure consists of two figures from different periods of the history of the Regiment.

The statue was publicly unveiled by HRH the Duke of Rothesay, Prince Charles, on Saturday 15<sup>th</sup> October 2011 in the Castlegate. Press coverage of the event, and feedback from members of the public has been very positive. Residents of the City have expressed pride in seeing the regiment being formally acknowledged in the form of a public sculpture.

A maquette is produced to provide the organisation or individual concerned with commissioning a piece of sculpture with a scale model of the finished work at various stages. The maquette for the Gordon Highlanders has been produced in bronze.

On 23<sup>rd</sup> February 2011 Council gave permission for Officers to explore the potential for the marketing and production of a limited edition of maquettes to be produced from the original. However, following extensive research, the cost of producing said reproductions would provide no significant profit to the Council or the artist, and in fact may have yielded no return at all.

Following this advice, the working group agreed to request permission of Council to gift the original maquette to the Regimental Museum in the spirit of the original Council motion. The Gordon Highlanders regimental museum have expressed a wish to accept such a gift should the recommendation be approved.

## **6. IMPACT**

The report links to outcome 13 in the Single Outcome Agreement 'We take pride in a strong, fair and inclusive national identity'

The report relates to the key aims set out in the arts, heritage and Sport strand of the Community Plan, in particular:

- To encourage access to and participation in the City's Cultural life
- To support cultural activities which have a positive impact on the social, economic and cultural development of the City
- To strengthen support for and ownership of the City's distinctive cultural character

The report also links to the cultural objectives set out in 'Vibrant, Dynamic and Forward Looking'

- Promote the City as a tourist destination

The City's cultural strategy 'Vibrant Aberdeen' has five strategic objectives;

- Establish a cohesive cultural sector
- Increase community engagement in cultural activity
- Improve the City's cultural profile
- Increase investment in culture
- Effectively monitor and evaluate the impact of culture

There is likely to be some public interest in this report given the City's longstanding history with the Gordon Highlanders. Representatives from the regiment were heavily involved in both the working group and the public unveiling of the commission.

## **7. BACKGROUND PAPERS**

Reports and minutes from the Gordon Highlanders working group, 1 October 2002 – 4 October 2011.

Report to Council 23 February 2011

## **8. REPORT AUTHOR DETAILS**

Lesley Thomson  
Culture and Sport Commissioning manager  
[lthomson@aberdeencity.gov.uk](mailto:lthomson@aberdeencity.gov.uk)  
01224 522499

This page is intentionally left blank

## ABERDEEN CITY COUNCIL

---

COMMITTEE	COUNCIL
DATE	04 April 2012
DIRECTOR	Gordon McIntosh, Enterprise, Planning & Infrastructure
TITLE OF REPORT	AECC Development Project
REPORT NUMBER	EPI/12/090

---

### 1 PURPOSE OF REPORT

This report has been produced to inform Council of progress in relation to the future development of property assets in and around the AECC.

The report also seeks approval for the establishment of a budget line to cover costs associated with progressing options for maximising value from council and/or AECC property assets in and around the AECC.

### 2 RECOMMENDATION(S)

Council are requested to:

- i) Note the contents of the report
- ii) Allocate a budget of up to £120,000 from funds currently allocated to City Development to cover external legal, financial and other costs associated with the procurement of a development partner, via competitive dialogue, to progress options for maximising value from council and/or AECC property assets in and around the AECC.

### 3 FINANCIAL IMPLICATIONS

- 3.1 The Council previously delegated a budget to the Director of Enterprise, Planning & Infrastructure for the establishment of a City Development Company. This project is currently on hold due to adverse market conditions and the need to re-assess the Council asset disposals policy, as part of the 5 year Priority Based Business Planning process.

- 3.2 There is currently £1.35 million held as allocated reserves associated with City Development and expenditure relating to this is allocated to the appropriate budget code. It is proposed that expenditure associated with the £120,000 budget referred to in recommendation ii) also be allocated to this code. It may cost less than this, but we have no way of knowing exactly how much this will cost until we tender for this necessary external legal and financial assistance.
- 3.3 In relation to the transfer of assets from AECC to ACC there are financial issues that require to be resolved and these are currently being progressed by the ACC Finance team.

#### 4 OTHER IMPLICATIONS

- 4.1 The AECC makes a significant contribution to the local economy and is a major leisure venue for the North East. Transferring assets back into Council control will relieve AECC of the responsibilities associated with developing and maximising the value of these assets and will facilitate future development of the AECC and surrounding land<sup>1</sup>. As such the proposed actions will help secure the substantial economic and social benefits generated by AECC.

#### 5 BACKGROUND/MAIN ISSUES

- 5.1 Report EPI/10/220 to the August 2010 Council meeting, agreed not to support Aberdeen Exhibition and Conference Centre Ltd's (AECC's) planned hotel development, due to the unacceptably high risks associated with the proposed operational and financial structure of the proposals presented to the Council.
- 5.2 Council also agreed to provide additional grant funding to AECC, to pay historic professional fees associated with the production of plans, proposals and related legal, financial, investment and technical documentation connected with the development of a new four star hotel on land adjacent to the AECC.
- 5.3 Finally, Council agreed that officials should continue with their efforts to;
- Convert current short-term loans to preference shares in accordance with previous decisions taken by the Council in February 2010.
  - Deliver a four star hotel development adjacent to the AECC, to enhance the AECC's future business potential.

---

<sup>1</sup> AECC nevertheless wish to maintain input into the development process at all stages as it clearly impacts on their ability to deliver their business plan and meet their contractual obligations to clients

- Realise the value from land adjacent to the AECC by investigating the possibility of creating a large-scale development proposal, in partnership with private sector developers
  - Find an alternative mechanism for removing AECC's debt burden.
- 5.4 Following the above decision, Officials submitted a subsequent report to 9th November 2010 Council meeting (EPI/10/264) and, as a result of this, it was agreed that officials should negotiate with AECC Ltd to:
- Achieve the reversion of all existing leases relating to land currently leased to the AECC, and the transfer of ownership of all AECC owned buildings and assets, from the AECC to the Council<sup>2</sup>.
  - Agree a "buyout" fee (based on the market value of the leases), which would immediately be used to repay an equal amount of the AECC's current outstanding debt to the Council
  - Agree a contract, of sufficient value, to enable AECC Ltd to manage, operate and develop the business of the AECC, subject to suitable performance targets being met.
  - Agree terms for a full repair and maintenance lease over the buildings and assets currently owned by the AECC to run concurrently with the management and operating contract above.
- 5.5 Following the above negotiations, it was anticipated that officials would:
- i.) Prepare and submit a report to both Enterprise Planning & Infrastructure (EP&I) and Finance & Resources (F&R) Committee outlining options and terms for reverting all existing leases relating to land currently leased to the AECC, and transferring ownership of all currently owned buildings and assets, from AECC Ltd to the Council.
  - ii.) Undertake a procurement exercise, using the appropriate process, to identify suitable development and investment partners interested in establishing a joint venture development company to assume responsibility for the future development of all Council owned land and buildings in and around the AECC. This development would be undertaken on the basis of a pre-agreed 20-30 year development plan, which includes the construction of a four star hotel, and which takes full account of the future business development needs of the AECC. Consideration would be given to the creation of a Local Asset Backed Vehicle (LABV) to help fund this development.
  - iii.) Negotiate the possible inclusion of the AECC buildings, the proposed new hotel and all of other Council owned land in and around the AECC, in any potential LABV<sup>3</sup>.

---

<sup>2</sup> At their last Board meeting, AECC Board discussed the option of transferring some assets that the AECC Board regard as having scope for development, without impacting on the AECC's day to day operation. A consensus on the need to transfer all assets has therefore yet to be reached.

- iv.) Prepare and submit a report to both EP&I and Finance & Resources Committee outlining the proposed;
  - Terms for creating the proposed joint venture development company
  - Terms for creating a LABV,
  - Assets to be included in the LABV and the terms relating to their inclusion,
  - Long-term development plan for Council owned land and buildings in and around the AECC
  - Relationship, if any, between the joint venture development company and the City Development Company
- v.) Ensure that the proposed management services contract given to AECC Ltd is of sufficient value to replace the current AECC annual revenue grant.

5.6 During the course of November 2010, an Audit and Risk report was produced to review the management of the aborted hotel project and the governance arrangements for AECC. This report was presented to full council on 15th December and a follow up report presented to Audit and Risk Committee on 29 March 2011.

5.7 Progress in relation to key action points relating to AECC has been regularly reported to Committee in various update reports, the last of which (EPI/11/071) was presented to EP&I Committee on 15 March 2011. This Committee agreed that Bulletin Reports would thereafter be submitted on a quarterly basis. The last bulletin report was produced for EP&I meeting on 13 September 2011 since, due to an oversight, no Bulletin Report was produced for the most recent EP&I Committee Meeting on 31 January 2012.

5.8 Progress in respect of the key action points identified in previous Council Papers is outlined in the following table.

Required Action as at November 2010	Progress to 13 September 2011	Current Situation as at 29 February 2012
Establish an appropriate governance framework for AECC which; <ol style="list-style-type: none"> <li>1. defines the Board composition,</li> <li>2. clarifies roles and responsibilities and establishes a clear</li> </ol>	<ul style="list-style-type: none"> <li>○ AECC Board had agreed their Business Plan, which sets out the company's operational plan for the next three years.</li> <li>○ Implementation of this plan to form the basis of</li> </ul>	<ul style="list-style-type: none"> <li>○ A proposed draft SLA has been produced and is with Legal and Democratic Services for comment and revision. It then</li> </ul>

<sup>3</sup> See footnote 2 above.



<p>schedule of decisions reserved for Board approval or a scheme of delegation</p> <p>3. adopts appropriate performance monitoring and reporting arrangements</p> <p>4. includes a robust and sustainable strategy and financial plan</p>	<p>an operating and Service Level Agreement (SLA) between the Council and AECC Ltd.</p> <ul style="list-style-type: none"> <li>○ A draft SLA had been submitted to AECC for discussion.</li> <li>○ It was anticipated that this SLA would be agreed as soon as there is clarity concerning AECC's responsibilities in terms of the land and assets they need to deliver their business plan.</li> <li>○ Performance and monitoring to be carried out against the activities, actions and outputs within the business plan, in accordance with the terms of the proposed SLA.</li> </ul>	<p>needs to be agreed by the AECC Board.</p> <ul style="list-style-type: none"> <li>○ Regular monthly management meetings are already being held to address performance related issues identified in the proposed draft SLA.</li> </ul>
<p>Establish standing financial instructions and implement appropriate management financial controls and procedures, including risk management procedures and improved month-end financial controls. A risk register should be produced and reported quarterly to the AECC Board and ACC.</p>	<ul style="list-style-type: none"> <li>○ The AECC are complying with this requirement.</li> </ul>	<ul style="list-style-type: none"> <li>○ Regular meetings are held between AECC Executives and Senior Officers in advance of each AECC Board meeting, to review performance against plan.</li> <li>○ AECC risk register is monitored by AECC Board</li> <li>○ ACC Senior Officers are provided with AECC Board papers and attend Board meetings</li> </ul>
<p>Produce a Business Plan that defines clear criteria against which performance can be measured by the AECC</p>	<ul style="list-style-type: none"> <li>○ A Business Plan was agreed by the AECC Board</li> <li>○ Lines of responsibility and accountability to be</li> </ul>	<ul style="list-style-type: none"> <li>○ A proposed draft SLA, which requires AECC to deliver services according to their business</li> </ul>

<p>Board or the Council. The lines of responsibility and accountability between the ACC and AECC for the setting of strategic priorities and monitoring of financial and operating performance for the AECC need to be formally agreed.</p>	<p>formally agreed within the proposed SLA</p>	<p>plan has been produced and is with Legal and Democratic Services for comment and revision. It then needs to be agreed by the AECC Board.</p>
<p>Reconfirm and clarify the strategic priorities for the AECC and the reporting and accountability lines between the AECC and ACC</p>	<ul style="list-style-type: none"> <li>○ A letter had been sent to AECC by the Director Enterprise, Planning and Infrastructure setting out the AECC's strategic priorities and expected accountability lines. This required the AECC to regard maximization of operating profit/reduction of operating losses as being their primary priority.</li> <li>○ These priorities to be re-emphasized within the proposed SLA</li> </ul>	<ul style="list-style-type: none"> <li>○ The proposed draft SLA reinforces these priorities</li> </ul>
<p>Implement robust tendering and procurement procedures when procuring goods or services, to ensure AECC is achieving best value for money</p>	<ul style="list-style-type: none"> <li>○ Revised tendering procedures had been put in place by the Board of AECC Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>○ Revised tendering procedures are in operation</li> </ul>
<p>Revise the Articles of Association for AECC to reflect current legislation and best practice</p>	<ul style="list-style-type: none"> <li>○ These revised Articles are to be placed before the Board at a meeting this month and will be referred to Council for the resolution to be approved.</li> </ul>	<ul style="list-style-type: none"> <li>○ Following Council approval of the resolution, this task will be completed.</li> </ul>
<p>Incorporate a formal review process into the annual work programme for the AECC Board and Council committee cycle.</p>	<ul style="list-style-type: none"> <li>○ This will be agreed as part of the performance monitoring procedures to be included in the proposed SLA agreement</li> </ul>	<ul style="list-style-type: none"> <li>○ Incorporated within the proposed draft SLA</li> </ul>

Clarify the level of authority that the AECC Board has and what decisions require ratification by ACC	<ul style="list-style-type: none"> <li>○ To be clearly set out in the proposed SLA</li> </ul>	<ul style="list-style-type: none"> <li>○ Incorporated within the proposed draft SLA</li> </ul>
Establish procedures whereby an appropriate ACC official, who is not a director of AECC, has an oversight role regarding AECC. This individual should attend regular AECC meetings and have a clearly defined remit as to their responsibilities for monitoring AECC	<ul style="list-style-type: none"> <li>○ The Council's project Director for Economic and Business development had assumed this role.</li> <li>○ A clear remit had still to be agreed as part of the proposed draft SLA.</li> </ul>	<ul style="list-style-type: none"> <li>○ Project Director attends regular monitoring meetings involving CEO and Finance Director of AECC, plus AECC Chairman and ACC's Director of EP&amp;I</li> </ul>
Agree, with AECC, the form, content and frequency of reporting needed by the Council and the basis of circulation of such reports	<ul style="list-style-type: none"> <li>○ This to be determined as part of the proposed draft SLA.</li> </ul>	<ul style="list-style-type: none"> <li>○ Incorporated in the proposed draft SLA</li> </ul>
Ensure that all AECC Board members are subject to a formal appointment process and an annual performance appraisal. Consideration should also be given to the co-opting of non executive directors from the independent business sector to enhance and strengthen the skills and experience of the Board	<ul style="list-style-type: none"> <li>○ AECC Ltd. has recently appointed 2 new private sector Board members, following an open and transparent recruitment process.</li> <li>○ AECC Ltd is currently considering how Board members can best be subjected to performance monitoring. Most likely, each Director will need to stand for formal re-election, after a reasonable period of time.</li> </ul>	<ul style="list-style-type: none"> <li>○ This has been incorporated into the AECC's Memo and Arts.</li> </ul>
Support AECC in their efforts to replace three of their current councilor Board members with three new, non-councilor Board members (to be appointed following external advertisement)	<ul style="list-style-type: none"> <li>○ Two new non-Councilor Directors and a non-Councilor Chairman have been appointed. AECC Ltd. can still appoint a third non-Councilor Director. However, the Board</li> </ul>	<ul style="list-style-type: none"> <li>○ A third Director has since been appointed, so AECC now have five non-exec directors on their Board, as planned. (AECC Board now</li> </ul>

<p>and appoint a non-councilor chairperson, as agreed by Council in February 2010.</p>	<p>could only identify two suitable Directors during the recent recruitment process and felt it was therefore best to indefinitely postpone the appointment of a third Director.</p>	<p>comprises 5 Non execs, 5 Councilor Directors and 2 Executive Directors)</p>
<p>Convert current short-term loans to preference shares in accordance with previous decisions taken by the Council in February 2010.</p>	<ul style="list-style-type: none"> <li>○ ACC Finance and Legal Teams have almost completed the necessary arrangements to comply with this Council decision.</li> </ul>	<ul style="list-style-type: none"> <li>○ ACC Finance have confirmed that this has been approved by them, but the documentation (i.e. issue of new preferential shares and revised loan agreements etc) still needs to be finalised.</li> </ul>
<p>Undertake a procurement exercise, using the appropriate process, to identify suitable development and investment partners interested in establishing a joint venture development company to assume responsibility for the future development of all Council owned land and buildings in and around the AECC. This development would be undertaken on the basis of a pre-agreed 20-30 year development plan, which includes the construction of a four star hotel, and which takes full account of the future business development needs of the AECC. Consideration would be given to the creation of a Local Asset Backed Vehicle (LABV) to help</p>	<ul style="list-style-type: none"> <li>○ A draft pre-qualification questionnaire (PQQ) was produced and submitted to Council's procurement team in December 2010. Since then, numerous discussions have been held between officials to finalise this PQQ.</li> <li>○ Officials are currently exploring options for using external consultants to support this process, with the costs being met by EP&amp;I.</li> </ul>	<ul style="list-style-type: none"> <li>○ No ACC internal resources were available and no budget is currently available to support external costs associated with this procurement process. The PPQ cannot be issued until a budget can be found, or internal resources become available.</li> <li>○ In the meantime EP&amp;I officials have started discussions with AECC regarding the preparation of a development brief for the future development of AECC controlled assets. A brief outline of the parameters of this brief is attached as</li> </ul>

fund this development.		Appendix 2
<p>Prepare and submit a report to both Enterprise Planning &amp; Infrastructure (EP&amp;I) and Finance &amp; Resources (F&amp;R) Committee outlining options and terms for reverting all existing leases relating to land currently leased to the AECC, and transferring ownership of all currently owned buildings and assets, from AECC Ltd to the Council.</p>	<ul style="list-style-type: none"> <li>○ Arrangements for reverting existing leases and transferring control of AECC buildings and assets to ACC are currently the subject of discussion between our Asset management Team and Finance Team.</li> <li>○ It is taking longer than anticipated to agree a process for achieving this objective that takes full account of AECC's complicated financial situation, the value of the assets and the impact of any proposed transfer of assets on AECC's and ACC's respective balance sheets.</li> <li>○ ACC Finance officials are currently working to find an appropriate mechanism for achieving the recommendations previously adopted by Council.</li> </ul>	<ul style="list-style-type: none"> <li>○ ACC Finance Team is working through the impact and treatment to enable the transfer of current AECC assets into ACC control.</li> </ul>
<p>Negotiate the possible inclusion of the AECC buildings, the proposed new hotel and all of other Council owned land in and around the AECC, in any potential LABV.</p>	<ul style="list-style-type: none"> <li>○ This will be subject to the: <ul style="list-style-type: none"> <li>- transfer of assets to ACC</li> <li>- creation of a proposed JV with a development partner</li> <li>- the JV company's need to use asset backed finance as a funding mechanism</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ The position with regard to these points has not changed.</li> </ul>
<p>Prepare and submit a report to both EP&amp;I and Finance &amp; Resources</p>	<ul style="list-style-type: none"> <li>○ This can only be prepared once: <ul style="list-style-type: none"> <li>- a development partner</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ The position with regard to these points has not</li> </ul>

<p>Committee outlining the proposed;  Terms for creating the proposed joint venture development company  Terms for creating a LABV,  Assets to be included in the LABV and the terms relating to their inclusion,  Long-term development plan for Council owned land and buildings in and around the AECC Relationship, if any, between the joint venture development company and the City Development Company</p>	<p>has been selected.  - all AECC assets are controlled by ACC and available for use as a possible contribution to any JV between ACC and the selected development partner.  - a view has been taken with regard to the feasibility of using AECC assets to create a local asset backed vehicle to help fund the JV's development activities  - the final arrangements for creating a City Development Company are known</p>	<p>changed.</p>
<p>Ensure that the proposed management services contract given to AECC Ltd is of sufficient value to replace the current AECC annual revenue grant.</p>	<p>○ The Service Level Agreement (SLA) currently being discussed with AECC will likely need to be negotiated on the basis of continuing the existing level of annual revenue grant for 2011/12 and possibly also for 2012/13. Thereafter, the nature of this SLA will need to change to reflect proposed changed responsibilities in relation to the ownership, use and maintenance of assets needed to support the delivery of AECC's services.</p>	<p>○ A proposed draft SLA has been agreed on the basis of continuing the existing revenue grant support and is with Legal and Democratic Services for comment and revision.</p>

5.9 In summary,

- i.) AECC is complying with all the governance issues highlighted in last year's Audit and Risk report.
- ii.) AECC and ACC officials have negotiated a proposed draft Service Level Agreement, based on the provision of a continued revenue grant, which encapsulates all Audit Report requirements in relation to the ongoing management and oversight of AECC's operational performance. This is currently with ACC Legal and Democratic Services for comment and revisal. It then needs to be agreed by the AECC Board.
- iii.) Proposals for appointing a development partner to help realise value through the development of land and assets in and around AECC were initiated in December 2010, by our Economic and Business Development Service, with the preparation of a Pre-Qualification Questionnaire. However, the procurement of a development partner could not proceed until a) a budget had been secured to cover the cost of external legal and financial support needed to assist in this process, and b) a potential mechanism had been agreed for the transfer of assets needed to implement any joint development proposal.
- iv.) ACC's planning Team are currently preparing a development brief that will now be included in any procurement documentation and, since it is now clear that there are insufficient internal resources to support the proposed procurement process, Council are being asked to approve a budget for external legal and financial advice as part of this paper.
- v.) ACC's Finance Team are currently considering a number of options for transferring control of assets from AECC Ltd to ACC, commensurate with a desire to minimise any adverse impact upon AECC and ACC balance sheets or future revenue streams. However, a definitive mechanism for achieving this goal has yet to be identified.
- vi.) ACC officials monitor the performance AECC Ltd through regular attendance of EP&I's Corporate Director at AECC Board Meetings and through regular management meetings between Senior AECC Management, ACC's Project Director, Economic and Business Development and EP&I's Corporate Director
- vii.) AECC's Managing Director has prepared a brief presentation on AECC's operational performance to date, which is attached as Appendix 1 to this report

## 6 IMPACT

6.1 The project contributes significantly and directly to the achievement of five SOA National Outcomes:

- 1 We live in a Scotland that is the most attractive place for doing business in Europe
- 2 We realise our full economic potential with more and better employment opportunities for our people;
- 10 We live in well-designed, sustainable places where we are able to access the amenities and services we need;
- 12 We value and enjoy our built and natural environment and enhance it for future generations;
- 13 We take pride in a strong, fair and inclusive national identity

6.2 Vibrant, Dynamic and Forward Looking emphasises the fact that the future prosperity of our city depends on ensuring that Aberdeen becomes an even more attractive place in which to do business and so ensure that high quality employment opportunities exist for citizens.

6.3 It then goes on to highlight how this aim will be achieved by continuing to promote Aberdeen as the Energy capital of Europe and seek to lead in the field of renewable energy.

6.4 The AECC is a key element of the business infrastructure needed to promote Aberdeen as the Energy capital of Europe. Therefore the provision of continued support to maintain this asset, and enable it to develop and do an even better job, is essential.

6.5 The AECC is also, however, located on a site that has the potential to realize greater value to the Council by pursuing a sensible long-term development plan, in partnership with developers and investors that have the skills and expertise to do this in a cost-effective manner. This paper seeks to present an update on progress towards this goal.

6.6 No Equality Impact Assessment has been carried out in connection with this paper.

## 7 BACKGROUND PAPERS

EP&I Committee Bulletin Report, 13 September 2011  
EP&I Committee Update Report EPI/11/071, 15 March 2011  
EP&I Committee Update Report EPI/11/048, 18 January 2011  
EP&I Committee Report EPI/10/264, 9<sup>th</sup> November 2010



8 REPORT AUTHOR DETAILS

Gerry Brough  
Project Director, Economic and Business Development  
52(3197)  
[gbrough@aberdeencity.gov.uk](mailto:gbrough@aberdeencity.gov.uk)

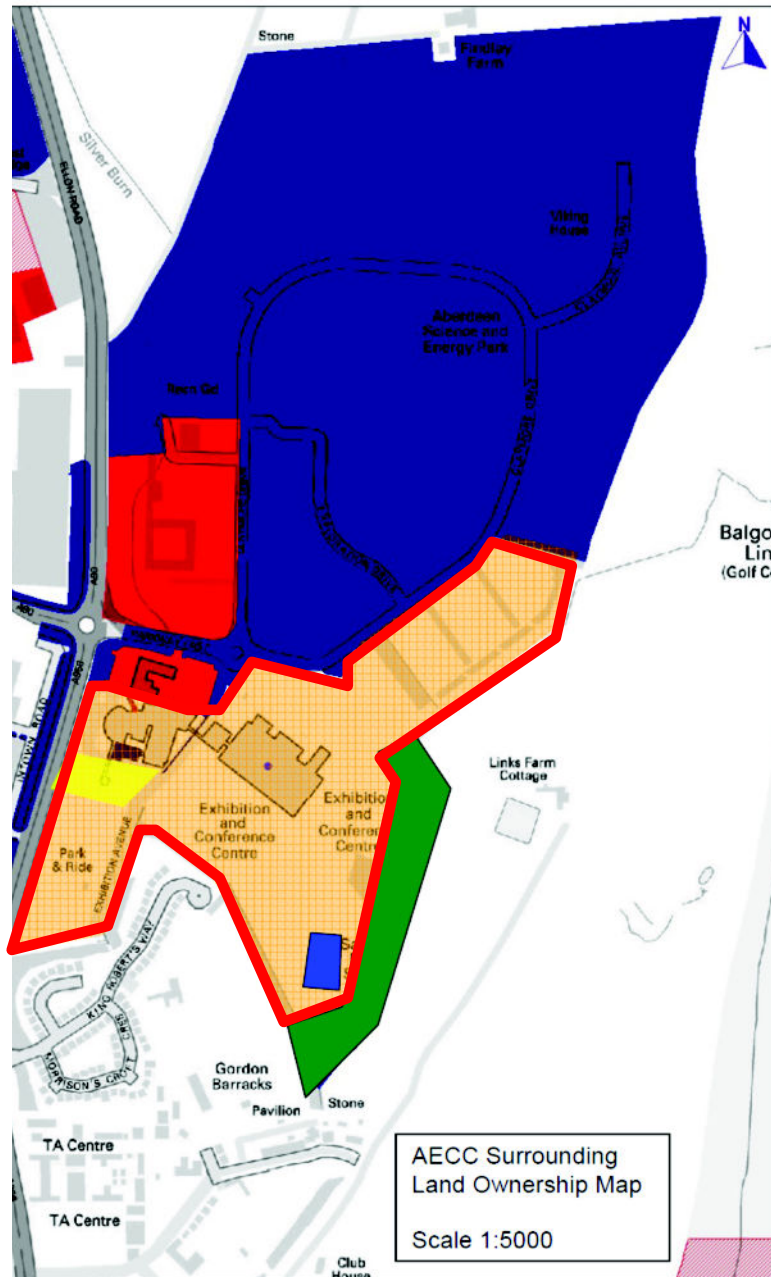
**Outline Parameters for Development Brief**

The development brief aims to set out a spatial framework for the way in which the Aberdeen Exhibition and Conference Centre (AECC) site – as defined by the red-line area on Map 1 below – could be developed in the future.

The brief will:

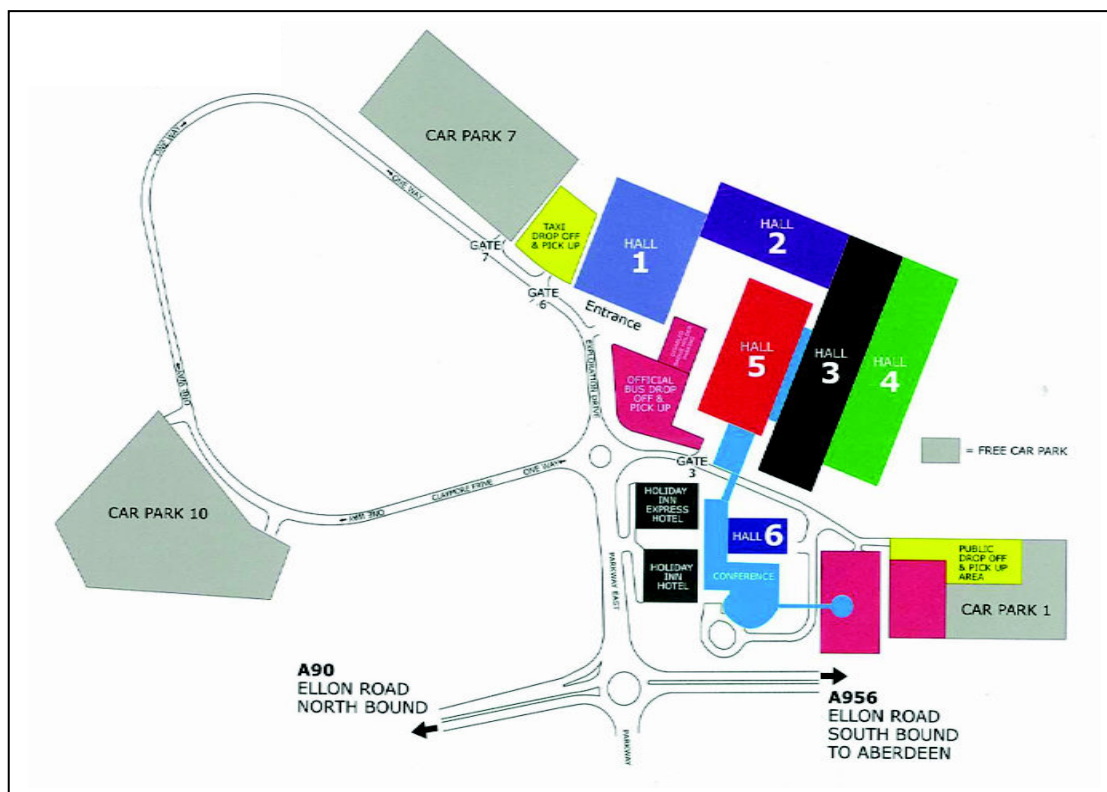
1. Provide high level strategic guidance for the site, with recommendations for development capacity, transportation, access and the development design for future planning phases.
2. Be prepared in accordance national, regional and local planning policies, the Aberdeen Master Planning Process: A Guide for Developers (July 2010) and other relevant urban design guidance.
3. Provide guidance on:
  - site organisation - taking account of the need to deliver the Offshore Europe exhibition (see previous 2011 venue layout in Map 2 below)
  - appropriate land use
  - access and connectivity
  - sense of arrival and movement hierarchy
  - public realm
  - architecture and design
  - transportation, including public transport and car parking
  - landscape framework
  - future capacity for major events (All Energy, Oil Exhibition etc)
  - strategic relationship to other venues
  - concert venue
  - phasing
  - delivery
4. Inform the production of a detailed development framework for the AECC site which would be the subject of public consultation with a view to adoption as supplementary guidance to the Aberdeen Local Development Plan.
5. Be completed by the end of April 2012.

# MAP 1 - AECC DEVELOPMENT SITE AND SURROUNDING LAND OWNERSHIP MAP



- Land previously sold by Aberdeen City Council to business owners
- Land owned by Aberdeen City Council and currently leased to AECC
- Land owned by Aberdeen City Council and currently leased to private businesses (long term ground leases)
- Land owned by Aberdeen City Council and currently leased to a single private business (lease expires in 2016)
- Land owned by Aberdeen City Council and designated as green belt
- Area currently identified as a new hotel development site (planning consent already granted)
- Development Site Area

## MAP 2 - OFFSHORE EUROPE 2011 VENUE LAYOUT



This page is intentionally left blank

Exempt information as described in paragraph(s) 6 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank



Exempt information as described in paragraph(s) 6, 9 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 6, 9 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 6, 8, 10 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 6 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank