

## COUNCIL

ABERDEEN: Wednesday, 10 February 2010. Minute of Meeting of the COUNCIL. Present:- Lord Provost Peter Stephen; Depute Provost Jacqueline Dunbar; and Councillors Adam, Allan, Boulton, Cassie, Clark, Collie, Cooney, Corall, Cormack, Cormie, Crockett, Dean, Donnelly, Farquharson, Fletcher, Graham, Greig, Hunter, Ironside, Jaffrey, Kiddie, Laing, Leslie, McCaig, McDonald, Malone, May, Milne, Noble, Penny, Reynolds, Robertson, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West, Kirsty West, Wisely and Young.

### 1 ADMISSION OF BURGESSES

The persons aforementioned were admitted into the presence of the Council and passed as Burgesses of Guild in respect of their respective Acts of Admission in the Guild Burgess Book:-

George Andrew Ewen Brand, Vocational Training Co-ordinator in Aberdeen  
Gordon Edwards, Non Executive Director in Aberdeen  
John Henry Fraser, Retired Lecturer in Aberdeen  
Brian Hendry, Company Chairman in Aberdeen  
Alexander Davidson Milne, Fluids Engineer in Aberdeen  
Anthony Michael Walker, Solicitor in Aberdeen  
Adrian Watson, Chief Superintendent in Aberdeen

### DECLARATIONS OF INTERESTS

**During the course of the following item Councillors Dean, Fletcher, Ironside, Malone, Milne, Reynolds, Jennifer Stewart and Kirsty West declared interests as members of the Board of Aberdeen Exhibition and Conference Centre. None of the members felt it necessary to leave the meeting during the Council's deliberations.**

### 2 ABERDEEN EXHIBITION AND CONFERENCE CENTRE (AECC) REPORT - EPI/10/062

The Lord Provost referred to the leaking of the restricted report on the future of AECC to the press, and the reputational damage that had been caused to AECC as a result, and called upon officers to investigate the matter. The Lord Provost emphasised that the report contained exempt information as described in the Local Government

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(Scotland) Act 1973 and that it was his intention for the Council to consider the report with the press and public excluded from the meeting.

Councillor Young moved as a procedural motion, seconded by Councillor Cooney:-  
That the report referred to be considered in public.

On a division, there voted:-

For the procedural motion (10) - Councillors Adam, Allan, Collie, Cooney, Crockett, Graham, Hunter, Ironside, Laing and Young.

Against the procedural motion (31) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Cassie, Clark, Corall, Cormack, Cormie, Dean, Donnelly, Farquharson, Fletcher, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, May, Milne, Noble, Penny, Reynolds, Robertson, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West, Kirsty West and Wisely.

Declined to vote (1) - Councillor Boulton.

**The Council resolved:-**

to reject the procedural motion and thereby consider the item with the press and public excluded (Article 20 of this minute refers).

### **3 REQUESTS FOR DEPUTATIONS**

The Council had before it, in accordance with Standing Order 10(1), the following requests for deputations:-

- (1) Tillydrone Community Council, in relation to the report on Homelessness (as detailed at Article 8 of this minute); and
- (2) St George's Church, Tillydrone, in relation to the report on Homelessness (as detailed at Article 8 of this minute).

**The Council resolved:-**

to accept the requests and to hear the deputations prior to considering the report.

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**4 MINUTE OF MEETING OF ABERDEEN CITY COUNCIL OF 16TH DECEMBER 2009**

The Council had before it the minute of meeting of Aberdeen City Council of 16<sup>th</sup> December 2009.

**The Council resolved:-**

to approve the minute subject to incorporating that Councillor Young had not been present during the course of Article 3 when one of his questions had been ruled incompetent by the Lord Provost, and to note that Councillor Young questioned the consistency of the decisions in respect of his remaining questions.

**5 PAMPHLET OF MINUTES**

The Council had before it a pamphlet of standing committee minutes from 30<sup>th</sup> October 2009 to 14<sup>th</sup> January 2010.

**The Council resolved:-**

to note the minutes.

**6 BUSINESS STATEMENT**

The Council had before it a statement of Council business which had been prepared by the Acting Head of Democratic Services.

**The Council resolved:-**

to note the statement.

**7 MINUTE OF MEETING OF THE ABERDEEN CITY ALLIANCE OF 25TH NOVEMBER 2009**

The Council had before it the minute of meeting of The Aberdeen City Alliance of 25<sup>th</sup> November 2009, for information.

**The Council resolved:-**

to note the minute.

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**Prior to considering the following item of business the City Solicitor reminded members that action was ongoing in the Sherriff Court regarding a particular temporary accommodation unit and that members should talk about homelessness in general terms without referring to any specifics, i.e. the court case.**

**DECLARATION OF INTEREST**

**Councillor Crockett declared an interest during the course of debate on the following item of business by virtue of his position as a part-time employee of Lewis Macdonald MSP. Councillor Crockett did not consider that the nature of his interest required him to leave the meeting.**

**8 HOUSING AND ENVIRONMENT COMMITTEE - 11TH JANUARY 2010 - HOMELESSNESS SERVICE PERFORMANCE AND DEVELOPMENTS TOWARDS THE 2010 TARGET - H&E/09/139**

With reference to Article 18 of the minute of meeting of the Housing and Environment Committee of 11<sup>th</sup> January 2010, which had been referred to it for consideration by five members of that Committee in relation to recommendation (a) within the report only, the Council had before it:-

- (1) a report by the Director of Housing and Environment which (a) requested approval for the use of Aberdon House as a temporary accommodation unit; (b) requested approval to increase the lets to persons or families being assisted under Part II of the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001 and Housing (Scotland) Act 2003); (c) provided an update on the performance of the Homelessness Service; and (d) explained future developments following the appointment of the Homelessness Manager; and
- (2) the decision of the Housing and Environment Committee, to approve recommendations (c) and (d) within the report, to refer recommendation (a) to Council following a division at the request of five members as explained above and to refer recommendation (b) simpliciter to Council. The report's recommendations were as follows:-
  - (a) to approve the use of Aberdon House as a temporary accommodation unit for persons who had experienced the loss of accommodation, for an initial period of two years, subject to a more detailed report on the financial implications, the necessary

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- statutory permissions being secured (HMO licence) and community consultation;
- (b) to approve the increase of relets to those households being assisted under Part II of the Housing (Scotland) Act 1987 (as amended by the 2001 and 2003 Acts) for a three month period, April 2010 to June 2010, to ensure that the Council was fulfilling its statutory duties
    - Option 1 - increase relets from 50% to 75%
    - Option 2 - increase relets from 50% to 100%
  - (c) to note the performance of the service towards the target of ending priority by 2012; and
  - (d) to note the update on future developments of the service.

In terms of Standing Order 10(2), the Council received a deputation from Mrs Nelda MacLeod, a resident of Aberdon Court, and Mrs Eileen Grassick of Tillydrone Community Council. Mrs MacLeod advised that the residents of Aberdon Court were very angry at the proposal to utilise Aberdon House as temporary accommodation for homeless people as they had received very little information about it. Residents' concerns included fear of anti-social behaviour, begging and their homes being a target for anybody desperate for money. Mrs MacLeod stated that the proposal was not appropriate for the area due to the vast majority of residents being elderly and/or disabled and called upon the Council to find an alternative location. Mrs Grassick added that Tillydrone had always been a welcoming neighbourhood, however the community had fought hard to rid itself of anti-social behaviour over the years and if the proposal was approved this good work could be undone, with a number of elderly people potentially becoming too afraid to leave their homes for fear of what might happen to them.

The Council also received a deputation from Mrs Winifred Armstrong of St George's Church in Tillydrone. Mrs Armstrong referred to the letter which had been sent to all members by the Kirk Session of St George's Church. Mrs Armstrong underlined that the Church was not against housing homeless people, however housing them at Aberdon House was a move too far given the mix of residents there. Despite opposition to the proposal, Mrs Armstrong stated that the people of Tillydrone were very caring and this had been demonstrated by the good work the Church had been doing in Uganda over the past seven years.

Members then asked questions of Mrs MacLeod, Mrs Grassick and Mrs Armstrong and thanked them for their contributions.

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Councillor Malone moved, seconded by Councillor Noble:-

That the decision of the Housing and Environment Committee be approved and that the Council approve Option 1 in relation to recommendation (b), to increase relets from 50% to 75%.

Councillor Robertson moved as an amendment, seconded by Councillor Donnelly:-

That the Council recognise the difficulties the Tillydrone community would face by placing a homeless centre next to a complex of OAP cottages; note that the people of Tillydrone have the greatest sympathy for the plight of the homeless, but consider their installation in Aberdon House would be retrograde step; and to therefore not approve recommendation (a) as contained within the report.

Councillor Collie moved as a further amendment, seconded by Councillor Hunter:-

That the Council does not approve the use of Aberdon House as a temporary accommodation unit for persons who have experienced the loss of accommodation and takes no action in relation to recommendation (b) contained within the report.

The Acting Head of Democratic Services explained that Councillor Collie's amendment implied mere negation of a decision on recommendations (a) and (b), whereas Councillor Robertson's amendment implied negation on recommendation (a) only. In terms of Standing Order 12(10), the Council would divide between the motion and the amendment by Councillor Collie, and Councillor Robertson's amendment would fall irrespective of the outcome of the division.

During the course of debate, Councillor Young, in response to Councillor Kiddie, stated that he would take no lecture from a Judas Councillor who had overseen swingeing cuts in Social Care and Mental Health Services in particular in his role as Convener of the Social Care and Wellbeing Committee.

Councillor Kevin Stewart requested that Councillor Young's comments be recorded in the minute and this was agreed by Councillor Young.

On a division, there voted:-

For the motion (23) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Corall, Cormack, Cormie, Dean, Fletcher, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, May, Noble, Penny, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West and Kirsty West.

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For the amendment by Councillor Collie (15) - Councillors Adam, Allan, Boulton, Cassie, Collie, Cooney, Crockett, Donnelly, Farquharson, Graham, Hunter, Ironside, Laing, Milne and Young.

Declined to vote (4) - Councillors Clark, Reynolds, Robertson and Wisely.

**The Council resolved:-**

- (i) to adopt the motion; and
- (ii) to request that the draft minute extract of the Housing and Environment Committee be amended to reflect (1) that it was Victoria House which the Committee had enquired about and not Culter House; and (2) that Councillor Robertson's amendment should state Aberdon House and not Aberdon Court.

**9 SOCIAL CARE AND WELLBEING COMMITTEE - 14TH JANUARY 2010 - 2009/10 REVENUE BUDGET MONITORING - SCW/09/034**

With reference to Article 5 of the minute of meeting of the Social Care and Wellbeing Committee of 14<sup>th</sup> January 2010, which had been referred to it for consideration by five members of that Committee, the Council had before it (1) a joint report by the Director of Social Care and Wellbeing and the City Chamberlain which provided information on the current year's revenue budget performance for Social Care and Wellbeing services and outlined areas of risk and management action; and (2) the decision of the Social Care and Wellbeing Committee that the report's recommendations, as outlined below, be approved and that the Committee receive a report back to the next meeting detailing the implications of the management actions taken. The recommendations were:-

- (a) to consider and note the report and the information on management action and risks contained therein; and
- (b) to instruct that officers continue to review budget performance and report on service strategies to ensure a balanced budget.

Councillor Kiddie moved, seconded by Councillor Leslie:-

That the decision of the Social Care and Wellbeing Committee be approved.

Councillor Ironside moved as an amendment, seconded by Councillor Allan:-

That the Council instruct the Director of Social Care and Wellbeing not to implement the management actions outlined at paragraph 6.7 of the report, until such time as members have had the opportunity to consider the impact of the failure to deliver services on the Council's clients, and that the costs of this

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proposal be met by transferring the required amount from reserves to contingencies.

In response to questions on the competency of Councillor Ironside's amendment, the City Chamberlain advised that it was feasible to transfer money from reserves, however this would result in the balance being below 2.5%, the level which the Council had previously agreed in an effort to build up its reserves. The City Chamberlain added that the utilisation of reserves should only be for exceptional items. Councillor Kevin Stewart requested that the City Chamberlain's comments be recorded in the minute and this was agreed.

On a division, there voted:-

For the motion (30) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Boulton, Clark, Corall, Cormack, Cormie, Dean, Farquharson, Fletcher, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, May, Milne, Noble, Penny, Reynolds, Robertson, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West, Kirsty West and Wisely.

For the amendment (11) - Councillors Adam, Allan, Collie, Cooney, Crockett, Donnelly, Graham, Hunter, Ironside, Laing and Young.

Declined to vote (1) - Councillor Cassie.

**The Council resolved:-**  
to adopt the motion.

## **10 LEADERSHIP BOARD UPDATE**

The Council heard an oral report by the Chief Executive providing an update on the actions taken by the Leadership Board to address the findings and recommendations of the Accounts Commission for Scotland on *Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation*.

The Chief Executive advised that the Leadership Board would be meeting with the External Support Group on 23<sup>rd</sup> March 2010 to present the final report on post audit progress, which, it was anticipated, would conclude the role of the External Support Group in relation to Aberdeen City Council. The Chief Executive added that the



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Leadership Board was also due to meet with John Swinney MSP, Cabinet Secretary for Finance and Sustainable Growth, to discuss the Council's financial settlement, however Mr Swinney was not available on 23<sup>rd</sup> March so an alternative date was being sought.

**The Council resolved:-**

to note the Chief Executive's remarks.

## 11 QUESTIONS

The Council had before it four questions, of which due notice had been given in terms of Standing Order 20(2), which had been placed on the agenda as Councillor Young had indicated that he was unhappy with the responses and wished more in-depth answers provided.

Councillor Young

QUESTION -

To the Convener of Finance and Resources

"To ask the Convener of Finance and Resources what talks if any has he had with the Board of AECC to ensure that the outstanding loans due by this company are paid back to the Council in full and on time to protect the Council Tax payer of Aberdeen?"

ANSWER (by Councillor Kevin Stewart) -

I have had no such talks. A report from the Director of Enterprise, Planning and Infrastructure in connection with this matter is due to be on the agenda for the Council meeting on 10<sup>th</sup> February 2010.

In accordance with Standing Order 20(4), the Lord Provost ruled that the question had been answered satisfactorily.

**The Council resolved:-**

to note the details.

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QUESTION -

To the Convener of Finance and Resources

“To ask the Convener of Finance and Resources who authorised the contents of an e-mail sent by a senior manager stating “it is not appropriate to canvass elected members in relation to specific budget proposals” which carried his name as the Councillor seeking this redress. Would he agree with me that by using his name and position to promote and encourage employees not to contact elected members is contrary to the Code of Conduct expected of a Councillor and smacks of an elected member who likes the trappings of power but ignores the democratic process which got him elected in the first place?”

ANSWER (by Councillor Kevin Stewart) -

The e-mail sent in relation to potential canvassing of members in relation to specific budget proposals was authorised and sent by the Head of Human Resources.

I neither instructed that an e-mail be sent nor viewed the contents of the draft e-mail, I merely enquired whether or not clarification should be provided to employees on the matter. Unfortunately the e-mail misrepresented my involvement and I have received a full apology.

In accordance with Standing Order 20(4), the Lord Provost ruled that the question had been answered satisfactorily.

**The Council resolved:-**  
to note the details.

QUESTION -

To the Convener of Finance and Resources

“To ask the Convener of Finance and Resources if he agrees or otherwise that financial planning and budget forecasts by officers for future years is something that is required to happen to ensure sustainability for this Council. Can he provide the Council with a fully costed or at the very least a professional based estimate cost of the resalable value of Marischal College when it is completed and the likely value obtainable by the Council through assignation or by sub letting?”

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ANSWER (by Councillor Kevin Stewart) -

It is possible for the lease to be assigned to a third party with the express prior consent of the University, which could be withheld, as it is possible to sub-let the subjects in whole or in part.

The last representation on the finances of Marischal College was presented to the full Council meeting of 20<sup>th</sup> May 2009 and section 6.7 of the relevant report indicated orders of value for the completed project.

This information was based upon contemporaneous data sought from, and received from, CB Richard Ellis Ltd.

The essential components are a net lettable area of 180,000 square feet or thereby, a rental level in the order of £22 to £24 per square foot per annum and applied yield in perpetuity of 6.5%. This produced a value indicator of between £60,923,077 and £66,461,538 via capitalisation calculation based on a 20/25 year lease arrangement with 3% fixed uplifts compound.

This is all as represented in the aforementioned report to Council in tabular form that indicated sensitivities to applied fiscal assumptions.

**The Council resolved:-**  
to note the details.

QUESTION -

To the Convener of Education, Culture and Sport

“To ask the Convener of Education, Culture and Sport if he agrees or otherwise that the SNP promised the people of Aberdeen that class sizes for P1-P3 would be reduced within the lifetime of the current Scottish Parliament. Now that the First Minister has failed to keep another manifesto promise will he join me in condemning the First Minister and the Edinburgh Government for failing Aberdeen’s children?”

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ANSWER (by Councillor May) -

The Concordat between the Scottish Government and COSLA was a welcome attempt to decentralise government through Single Outcome Agreements. It was to work towards class sizes of 18 for Primary 1, 2 and 3 as soon as possible. This commitment was reaffirmed by COSLA in June 2009.

The Concordat was intended to remove ringfenced budgets, centrally imposed, which took no account of local imperatives.

This was before the worldwide recession which affected global finances. Scotland cannot escape the consequences of this, witness a £814million cut in the Westminster allocation to the Scottish Government after the pre-budget report.

It was also before it emerged that: (1) the inequality gap between the richest and poorest in Britain has widened in the last 40 years; and (2) 9% of children in Scotland were suffering severe poverty even before the start of the economic recession.

In conclusion, the failure to keep a manifesto commitment lies at the door of the New Labour Government's promise on taking office in 1997 to eradicate child poverty. It is now demonstrably worse!

In accordance with Standing Order 20(4), the Lord Provost ruled that the question had been answered satisfactorily.

**The Council resolved:-**  
to note the details.

## 12 MOTIONS

Councillor Graham, pursuant to notice, moved:-

“That this Council consults with the residents of former sheltered housing complexes with a view to reviewing its policy to return them to sheltered housing and not housing for varying need.”

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**The Council resolved:-**

to refer the motion to the Housing and Environment Committee.

Councillor Graham, pursuant to notice, moved:-

“That this Council works with the youths of Middlefield Community Flat to develop proposals to floodlight the football pitch at Manor Avenue.”

**The Council resolved:-**

- (i) to agree that the motion was incompetent as there was no football pitch at Manor Avenue; and
- (ii) to request Councillor Graham to reword his motion and submit it directly to the Education, Culture and Sport Committee if he still wanted to pursue the matter.

Councillor Donnelly, pursuant to notice, moved:-

“This Council welcomes the Government’s move to honour and celebrate The Queen’s Diamond Jubilee in 2012 with a public holiday and weekend event and calls on this Council to follow suit with a celebration in Aberdeen in recognition of The Queen’s service to the people of the United Kingdom and Commonwealth and her 60 year leadership role within the international community of the free world.”

**The Council resolved:-**

to refer the motion to the Finance and Resources Committee.

Councillors McDonald and Wendy Stuart agreed to withdraw their joint motion which was in the following terms:-

“That this Council notes with concern the decision by First Bus to withdraw its number 5 service between Dubford and Aberdeen Royal Infirmary and its number 14 service between Kingswells and Aberdeen Royal Infirmary, laments the absence of any public consultation with the communities affected, and calls for this decision to be withdrawn and reconsidered.”

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Councillors McDonald and Wendy Stuart (1) thanked Bob Dorr of First Bus for listening to the representations which were made by Councillors, MPs, MSPs and members of the public in relation to both services and agreeing to withdraw the original proposals; and (2) paid tribute to Zoe Sutherland for her role in organising public opinion.

**The Council resolved:-**

to concur with the remarks of Councillors McDonald and Wendy Stuart and thank all those who had been involved in ensuring that the matter was reconsidered.

Councillor McDonald, pursuant to notice, moved:-

“That this Council welcomes the publication of the Alcohol (Scotland) Bill, and in particular the proposals for minimum pricing. Council notes the staggering cost of alcohol abuse to Scottish society is estimated to be around £3.56billion, which would make the pro-rata cost for Aberdeen £146.7million. Council therefore calls on all parties to back the proposals for minimum pricing as part of an overall strategy to tackle Scotland’s shameful alcohol abuse record.”

**The Council resolved:-**

to refer the motion to the Corporate Policy and Performance Committee.

Councillor Boulton, pursuant to notice, moved:-

“That the Full Council remits to the Licensing Committee a request to review the current guidelines in respect of the 4am terminal hour applied to late night catering license holders on weekends in the city centre.”

**The Council resolved:-**

to refer the motion to the Licensing Committee.

Councillor Boulton, pursuant to notice, moved:-

“Prior to confirmation of any additional financial contribution, over and above the 9.5% of the current estimated £395m for the Aberdeen Western Peripheral

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Route is agreed, that the matter be referred back to Full Council for debate with an officer's report outlining where the additional funding will come from and what the implications will be for the revenue budget and the potential knock on effect on all services."

**The Council resolved:-**

to refer the motion to the Finance and Resources Committee.

**Councillor Boulton expressed her displeasure at the above decision.**

**EXEMPT INFORMATION**

**The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public from the meeting during consideration of the following items of business so as to avoid disclosure of exempt information of the class described in paragraphs 4 (Article 20) and 6 (Articles 19 and 20) of Schedule 7(A) of the Act.**

**DECLARATION OF INTEREST**

**Councillor Graham declared an interest in the following item of business by virtue of his position as Secretary of Auchmill Golf Club and left the meeting prior to the Council's deliberations thereon.**

**13 AUCHMILL GOLF COURSE - REQUEST FOR PERMISSION TO EXTEND CURRENT LICENCE TO OCCUPY - C/10/**

With reference to Article 25 of the minute of meeting of the Finance and Resources Committee of 17<sup>th</sup> September 2009, the Council had before it a report by the Director of Housing and Environment which provided an update on progress with negotiations between the Council and the Management Committee of Auchmill Golf Club (MCAGC) in connection with Auchmill Golf Course, and requested permission to extend MCAGC's current licence to occupy the golf course for a further twelve months from 31<sup>st</sup> March 2010.

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The report provided the background to the current situation which led the Council to grant MCAGC a licence to occupy and maintain Auchmill Golf Course from 1<sup>st</sup> April 2009 for a period not exceeding one year. The report explained that the transfer of the licence to occupy and maintain the golf course did not take place until 1<sup>st</sup> September 2009 due to the delay in the Scottish Government granting Section 74 consent and staff changes on the part of MCAGC.

The report outlined the current situation regarding leasing negotiations between the Council and MCAGC, particularly in relation to the risks involved. MCAGC had recently indicated a preference for an extension of the current licence to occupy for one year from 31<sup>st</sup> March 2010 to allow them to better assess the viability of the golf course as they were not certain that they were financially able to take on the running of the course in the long term. The report highlighted that this additional twelve month period would be advantageous for both MCAGC and the Council.

**The report recommended:-**

that the Council -

- (a) note the request by MCAGC for a longer trial period for running Auchmill Golf Course;
- (b) approve the extension of the current licence to occupy for a further twelve months from 31<sup>st</sup> March 2010; and
- (c) instruct the Director of Housing and Environment to report back on progress at the Housing and Environment Committee meeting on 25<sup>th</sup> May 2010.

**The Council resolved:-**

- (i) to approve the recommendations; and
- (ii) that the Council's decision be relayed to Auchmill Golf Club with immediate effect with a view to the matter being reported to their Annual General Meeting on 11<sup>th</sup> February 2010.

**DECLARATIONS OF INTERESTS**

**Councillors Dean, Fletcher, Ironside, Malone, Milne, Reynolds, Jennifer Stewart and Kirsty West declared interests in the following item of business as members of the Board of Aberdeen Exhibition and Conference Centre and left the meeting prior to the Council's deliberations.**

**Councillor Kevin Stewart declared an interest by virtue of the fact that he had been a member of the Aberdeen Exhibition and Conference Centre**



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**Board at the beginning of the current political term of office, however he had stepped down due to the conflict of interest it presented him in his various other roles. Councillor Kevin Stewart did not consider that the nature of his interest required him to leave the meeting.**

**14 FUTURE FUNDING AND DEVELOPMENT OF ABERDEEN EXHIBITION AND CONFERENCE CENTRE (AECC) - EPI/10/062**

The Council had before it a report by the Director of Enterprise, Planning and Infrastructure which discussed the future funding and development of AECC as part of a series of actions intended to put it on a sound financial footing and to prepare for future investment to maintain its competitiveness.

The report stated that AECC played a major role in the local economy and was a vital part of the infrastructure of the city by attracting events. At the same time, AECC needed regular capital investment to keep it competitive and revenue subsidy to maintain its operational capacity, the burden for which fell to Aberdeen City Council.

The report explained that AECC had a number of loans from the Council, which were as follows:-

- (1) Loan notes of £18.7million under a loan instrument to be redeemed by 9<sup>th</sup> May 2021;
- (2) A term loan of £7.5million to be repaid on 17<sup>th</sup> May 2011; and
- (3) A £2million loan facility to be repaid by 16<sup>th</sup> October 2011.

The report proposed three phases of a medium term plan to put AECC on a stable financial footing going forward. The proposals were as follows:-

**Phase 1**

- (a) The conversion of the part of the £2million loan facility already drawn down (£850,000) into preference shares, and the extension of the repayment date of the £7.5million loan facility to 17<sup>th</sup> May 2017; and
- (b) The provision of a lease to underwrite the construction and future operation of a 4-star hotel on the site, with the potential to sell the hotel and realise net proceeds of approximately £14.4million to £20.4million within a three to five year period.

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**Phase 2**

The investigation of the potential for creating a local development company, in association with the Energetica corridor, to potentially include the AECC site and the Energy Park 1 and 2 sites which were owned by the Council.

**Phase 3**

Investment in a new arena, and potentially additional flexible space provision, once sources of external capital funding had been identified.

The report explained that to support these proposals, and in order that AECC could be provided with stronger and more commercial direction and leadership, approval was sought to make the financial restructuring conditional upon the replacement of three elected member Directors on its Board with three non-elected member Directors with experience of operating in the commercial sector.

**The report recommended:-**  
that the Council -

- (a) note that the Council's investment in AECC, to date, had been extremely worthwhile in terms of added economic benefit for the local economy;
- (b) note that failure to continue providing financial support to AECC would result in a significant loss of future economic benefits and would send an extremely negative signal to businesses in the city, and beyond, concerning the city's determination to retain and attract investment to the city;
- (c) authorise the Director of Enterprise, Planning and Infrastructure in consultation with the City Solicitor and City Chamberlain, to enter into, negotiate and to complete the necessary documentation required to convert the existing £2million loan facility (of which only £850,000 had been drawn down) into preference shares and extend the repayment date of the £7.5million loan facility to 17<sup>th</sup> May 2017, subject to:-
  - (1) The refinancing being undertaken in accordance with the proposed restructuring proposals outlined in the report;
  - (2) AECC agreeing to replace three of the current elected member Board Directors with three new non-elected member Board Directors, with a combination of marketing, financial and property development/facilities management skills, and who could contribute additional commercial expertise commensurate with running a business turning over in excess of £5.8million per annum; and

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- (3) The Director of Enterprise, Planning and Infrastructure reporting back on the actions taken to a future meeting;
- (d) authorise the Director of Enterprise, Planning and Infrastructure, City Solicitor and City Chamberlain to complete the necessary documentation required to enable AECC to embark upon the proposed hotel development (on adjacent land currently used as a car park), subject to:-
  - (1) The support taking the form of an interposed lease between a named organisation and Aberdeen City Council and sublease with a second named organisation and being provided in accordance with the proposals, and subject to the caveats, outlined in section 6e of the report and all in terms which protected the Council's interests; and
  - (2) The contractors being of equally high standing to the companies referred to in the current documentation and the contracts being on no worse terms than those reviewed as part of Ernst and Young's assessment;
- (e) instruct the Director of Enterprise, Planning and Infrastructure to produce a further, more detailed, report setting out how Phases 2 and 3 of the proposed plan might best be progressed, as soon as practicable; and
- (f) authorise the Leader of the Council and/or the Chief Executive to write to the First Minister asking him to ensure that the appropriate steps be taken to formally acknowledge AECC as Scotland's National Energy Exhibition and Conference Centre for hosting energy related shows and exhibitions.

Councillor John Stewart moved, seconded by Councillor McCaig:-

That the recommendations contained within the report be approved and that the Council (1) seek talks with the Scottish Government to discuss support for AECC; (2) instruct that the Chairperson of the AECC Board be independent as opposed to an elected member; (3) agree that the three elected members on the current Board to be replaced by non-elected members be Councillors Dean, Ironside and Malone; and (4) instruct officers to issue a press release advising of the Council's decisions as a matter of urgency to minimise the reputational damage that had been caused to AECC as a result of the report being leaked to the press in advance of the meeting.

Councillor Cooney moved as an amendment, seconded by Councillor Graham:-

That this Council (a) enters into urgent talks with the Government in Edinburgh to discuss the underwriting of, and ongoing support for, AECC; (b) agrees to extend the short term loan to May 2017; (c) agrees to look in detail at the prospect of a development company, seeking a further report to Council; and (d) agrees that Council support for AECC is dependant upon the AECC Board

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agreeing to the replacement of three elected member Directors with three Directors who shall have suitable business experience and the replacement of the current Chairperson with an independent Chairperson.

On a division, there voted:-

For the motion (24) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Boulton, Cassie, Clark, Corall Cormack, Cormie, Donnelly, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, May, Noble, Penny, Robertson, John Stewart, Kevin Stewart, Wendy Stuart, John West and Wisely.

For the amendment (8) - Councillors Adam, Collie, Cooney, Crockett, Graham, Hunter, Laing and Young.

Declined to vote (1) - Councillor Farquharson.

Absent from the division (9) - Councillors Allan, Dean, Fletcher, Ironside, Malone, Milne, Reynolds, Jennifer Stewart and Kirsty West.

**The Council resolved:-**

- (i) to adopt the motion; and
- (ii) to suspend Standing Order 22 to enable the removal of Councillors Dean, Ironside and Malone from the Board of AECC, as their respective appointments had been confirmed by the Council at its meeting of 30<sup>th</sup> September 2009 (Article 11 of the minute refers).

- **PETER STEPHEN, Lord Provost.**