

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Capital Programme Committee
<b>DATE</b>	14 November 2019
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	TBC
<b>REPORT TITLE</b>	The Event Complex Aberdeen Project Update
<b>REPORT NUMBER</b>	RES/19/277
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Scott Ramsay
<b>TERMS OF REFERENCE</b>	1.1

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### 1. PURPOSE OF REPORT

- 1.1 To report the progress of The Event Complex Aberdeen (TECA) project, including milestones achieved to date, next steps and to summarise risks associated with the project.

### 2. RECOMMENDATIONS

That Committee: -

- 2.1 note the milestones achieved to date for the project;
- 2.2 note the financial update for the project; and
- 2.3 note the risks associated with the project

### 3. BACKGROUND

- 3.1 TECA is a key element of business infrastructure needed to promote Aberdeen as a World Energy City and the Energy Capital of Europe. The development has been identified as a key project in the Regional Economic Strategy.
- 3.2 The TECA development provides: -
- A new exhibition and conference centre that consist of a 12,500 capacity Arena, 6000 square metres (sq.m) of conferencing and meeting room

space, 48,000 sq.m of flexible exhibition space, restaurant, 7 food and beverage outlets and 16 VIP boxes;

- A 200 bed 4-star Hilton hotel;
- A 150 bed 3½ -star Aloft by Marriot hotel;
- An Onsite Energy Centre;
- An Anaerobic Digestion Gas to Grid facility

3.4 The TECA construction works began on 4<sup>th</sup> July 2016, with a build programme of three years, and was completed on 2<sup>nd</sup> August 2019. During this period HBD and Robertson were contractually obligated to deliver the development's sections to the following dates: -

- Hotel One, Burn Corridor and Associated Infrastructure by 22 May 2019;
- Hotel B and Car Park by 29 May 2019;
- the Sub-T and Road Network by 20 May 2019;
- the P&J Live building by 30 June 2019; and
- the Above Ground Car Park Section by 2 August 2019.

3.5 In August 2019 a number of test events were successfully carried out at P&J Live which permitted the public to test the facilities. In September 2019 there has been numerous events held at P&J Live covering a number of genres including entertainment, banqueting, exhibitions and conferences. One of the events was SPE Offshore Europe 2019 which has been classed as the best attended OE event since 2013.

3.6 Overall all the events have been received positively by the general public, event organisers, operators, sponsors and the press. A full programme of upcoming events can be found at [www.teca.co.uk](http://www.teca.co.uk)

3.7 The Anaerobic Digestion Gas to Grid Facility (AD Plant) is being built by Thöni Industriebetriebe. Works started in March 2019 and is scheduled to be completed in December 2019 to ensure commissioning and gas injection into the grid by the end of January 2020.

#### **4. FINANCIAL IMPLICATIONS**

4.1 The financial profile for the TECA project has been reviewed to recognise the overall gross expenditure for the project. The net funding was within the financial commitment approved by the Council, and updated in the Council Financial Performance – Quarter 2 2019/20 Report to City Growth & Resources Committee.

4.2 The final expenditure can only be confirmed once all the project works are complete and the Chief Officer Capital shall provide a full financial outturn as part of the post project evaluation.

<b>Gross Budget</b>	<b>Spend to date</b>
<b>£424.64m</b>	<b>£390.85m</b>

## 5. LEGAL IMPLICATIONS

- 5.1 The Council has entered into two hotel franchise agreements with Hilton and Marriot, as well as a hotel management agreement with Redefine BDL. The Council has also agreed a concession contract with SMG Europe to operate the P&J Live building management and an operation and management contract with FES FM to run the site's energy centre. These contracts place obligations on the Council regarding contract notification, insurance provision and pre-opening activities, which are dependent on the completion dates as described in paragraph 3.4. Officers with legal and commercial and procurement services are supporting to ensure that these obligations are managed.
- 5.2 Offshore Europe was held at the new venue between the 3-6 September 2019. SMG Europe and REED International have entered into a long-term agreement to continue holding the event in Aberdeen.

## 6. MANAGEMENT OF RISK (Applicable to AD Plant)

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Financial</b>	Delay in construction programme	M	Penalty clauses are installed in the fixed price construction contract which will incentivise the contractor to remain on time.
<b>Legal</b>	Delay in contraction programme impacting on operation dates	L	Officer's actively monitor the programme and communicate project updates to the board.
<b>Employee</b>	None		
<b>Customer</b>	Poor communications internally and externally	L	Regular updates and meetings carried out with appropriate officers with monthly programme status reports provided to the Strategic Asset and Capital Board.  A communication project team has been established to keep partners and stakeholders informed of key milestones and decisions.

<b>Environment</b>	None		
<b>Technology</b>	None		
<b>Reputational</b>	None		

## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	The TECA development is a key part of the Regional Economic Strategy and forms part of the objective to help diversify the economy in North east Scotland and promote a prosperous economy.
<b>Prosperous People</b>	The variety of new events and conferences which the TECA development will attract will benefit the people that live in Aberdeen.
<b>Prosperous Place</b>	Creating a place in which people like to live and work is key to a prosperous place. The TECA development will enable a variety of new events and conferences and will promote Aberdeen internationally as a destination for business visitors and tourists.

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Partnerships and Alliances</b>	Positive – strengthening partnerships with key stakeholders to deliver services forms part of delivering the TOM.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	A full EHRIA is not required
<b>Data Protection Impact Assessment</b>	Not Required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Not Applicable

## **9. BACKGROUND PAPERS**

Full Council (October 2013) - EPI/13/365

Full Council (May 2014) – EPI/14/077

Full Council (March 2015) – CHI/14/045

Full Council (May 2016) - CHI/16/106

Finance, Policy & Resources (September 2017) - CHI/17/228

Capital Programme Committee (June 2019) - RES/19/277

## **10. REPORT AUTHOR CONTACT DETAILS**

Scott Ramsay

Senior Project Officer

sramsay@aberdeencity.gov.uk

01224 523463