

ABERDEEN CITY COUNCIL

COMMITTEE ENTERPRISE, PLANNING AND INFRASTRUCTURE

DATE 15 March 2011

DIRECTOR Gordon McIntosh, Enterprise, Planning & Infrastructure

TITLE OF REPORT AECC Update

REPORT NUMBER: EPI/11/071

1. PURPOSE OF REPORT

This report provides Committee members with an update on activities relating to the AECC

2. RECOMMENDATION(S)

The Committee is asked to note the content of this report and agree to accept a bulletin update for future committee cycles.

3. FINANCIAL IMPLICATIONS

None

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

This report is a regular update report. Background/main issues were set out in the previous update report (paper EPI/11/048 to 18 January Committee) and have not changed.

Progress in respect of the key action points identified in the recent Audit and Risk report and in other previous Council Board Papers is outlined in the following table.

Required Action	Progress to Date
Establish an appropriate governance framework for AECC which; ○ defines the Board composition,	Officers are currently discussing the content of AECC Ltd's business plan. . Implementation of this plan will form the basis of an operating and service contract between the

<ul style="list-style-type: none"> ○ clarifies roles and responsibilities and establishes a clear schedule of decisions reserved for Board approval or a scheme of delegation ○ adopts appropriate performance monitoring and reporting arrangements ○ includes a robust and sustainable strategy and financial plan 	<p>Council and AECC Ltd. Performance and monitoring will be carried out against the activities, actions and outputs within the business plan/operating contract.</p>
<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>	<p>This is currently in the process of being compiled as part of the AECC Ltd's response to the Internal Audit Report recommendations.</p>
<p>Produce a Business Plan that defines clear criteria against which performance can be measured by the AECC 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>First draft has been received and commented on by Council officials. It is expected that these comments will lead to the submission of a revised version of the Business Plan and that a final version can be agreed by end March 2011.</p>
<p>Reconfirm and clarify the strategic priorities for the AECC and the reporting and accountability lines between the AECC and ACC</p>	<p>A letter has been sent to AECC by the Director Enterprise, Planning and Infrastructure setting out the AECC's strategic priorities and expected accountability lines. This requires the AECC Ltd. to regard maximization of operating profit/reduction of operating losses as being their primary priority.</p>
<p>Implement robust tendering and procurement procedures when procuring goods or services, to ensure AECC is achieving best value for money</p>	<p>Revised tendering procedures are currently being put in place the Board of AECC Ltd.</p>
<p>Revise the Articles of</p>	<p>This is currently being addressed by</p>

Association for AECC to reflect current legislation and best practice	the Board of AECC Ltd.
Incorporate a formal review process into the annual work programme for the AECC Board and Council committee cycle.	This will be agreed as part of the performance monitoring procedures to be included in the AECC Ltd's operating & service contract..
Clarify the level of authority that the AECC Board has and what decisions require ratification by ACC	It is clear that the Board of AECC Ltd. will have authority to take decisions relating to the running and management of the AECC in accordance with their, as yet to be agreed, future operating/service contract.
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	It has been determined that the Council's project Director for Economic and Business development will assume this role. However, a clear remit has still to be agreed, since this will to some extent be dependent upon the content of the AECC Ltd's business plan.
Agree, with AECC, the form, content and frequency of reporting needed by the Council and the basis of circulation of such reports	This will be determined as part of the proposed operating contract between the Council and AECC Ltd.
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	This will be determined as part of the proposed operating contract between the Council and AECC Ltd. AECC Ltd. has recently advertised for 3 new private sector Board members. The recruitment process is still in progress and has yet to be completed.
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) and appoint a non-councilor chairperson, as agreed by Council in February 2010.	Officers from the Council's HR department have provided appropriate assistance and the recruitment process is currently underway. Advertisements were placed in the press on 4 February 2011. A short list for interview from the respondents to this advertisement, is currently being finalised
Identify a suitable development	A draft pre-qualification

<p>company, to work in partnership with the Council, to develop the land around the AECC on the basis of a long-term development plan that includes the provision of a new 4 star hotel, improved car parking facilities and further, yet to be determined complimentary development.</p>	<p>questionnaire has been produced and this is currently with the Council's procurement and legal teams to finalise, with a view to issuing this as soon as possible.</p>
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In addition to the above progress on specific action points, Committee are also asked to note the following with regard to the AECC's current business performance;

- Contracted sales (turnover), for the first eleven months of the current financial year, has increased by 14 % compared to the same eleven month period of the previous financial year.
- AECC secured the Silver award in the Green Business Tourism Award scheme
- All energy related events are showing continued growth, with exhibition space at both All Energy and Offshore Europe, in 2011, set to be 10%, or more, up on previous years. Visitor attendance is also expected to grow.
- Key staff are leaving to take up better paid positions elsewhere and this is a cause for concern.

6. IMPACT

The AECC 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

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.

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.

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.

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.

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

7. BACKGROUND PAPERS

Committee Paper EPI/10/062
Committee Paper EPI/10/220
Committee Paper EPI/10/253
Committee Paper EPI/10/264

9. REPORT AUTHOR DETAILS

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