

**ALEO GOVERNANCE HUB
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ABERDEEN, 15 June 2015. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Neil Buck (IT and Transformation), Jeff Capstick (Human Resources), Paul Dixon (Finance), Joan McCluskey (Commercial and Procurement Services), Martyn Phillips (Human Resources and Organisational Development) and Scott Ramsay (Economic Development); and Graeme Cumming and Louise Lonie (AECC Ltd).

Also in attendance: Iain Robertson (Democratic Services) and Mark Johnstone (Audit Scotland).

Apologies: Mary Agnew (Human Resources and Customer Service) and Richard Sweetnam (Economic Development).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
1.	Chair's Opening Remarks	N/A	<p>The Chair opened the meeting and welcomed Hub members and representatives from Aberdeen Exhibition and Conference Centre Ltd (AECC) and he explained that the Governance Hub would meet biannually with the next meeting in December and further explained that today's meeting would provide high level scrutiny of each ALEO and that two areas identified from the meeting for further development would be investigated in a more extensive and targeted manner at the December meeting.</p> <p>The Chair then advised that the purpose of the Governance Hub was to put in place reporting arrangements in which each ALEO's performance was scrutinised in areas of financial performance; service</p>	N/A	N/A

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performance; the management of risk and contractual compliance in order to provide assurance to the Council. In addition to this he also provided a summary of the two outstanding audit recommendations from the Audit, Risk and Scrutiny Committee.

The Chair then explained how the meeting would proceed and he advised that the Hub would adopt a standardised approach of high level scrutiny for all four of the ALEOs this cycle and would take care not to infringe upon the remit of the ALEO Boards. He further elaborated that each ALEO would be scrutinised for between ten and fifteen minutes by a Hub member representing a service from Corporate Governance and then by a Service representative; in this case a representative from Communities, Housing and Infrastructure for between fifteen and twenty minutes.

The Chair further advised that the minute from today's meeting would be submitted to the Council's Audit, Risk and Scrutiny Committee on 25 June and the Communities, Housing and Infrastructure Committee on 27 August. Thereafter, those present at the meeting introduced themselves.

Risk Mitigation and Management

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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
2.	Business Continuity Plans	Major Incident Plan (17 March 2015).	<p>Neil Buck (Performance and Risk Manager) introduced the Risk Mitigation and Management section and outlined the criteria he expected to be met. He explained that the scrutiny of each ALEO would be high level and would focus on two main areas: the management and mitigation of risk and the robustness of their performance management framework.</p> <p>Mr Buck explained that the Hub sought a level of assurance from each ALEO that they had the proper systems and processes in place and that they were effectively managing and mitigating their own risk and the risks to the Council. He also advised that he would scrutinise each ALEO's Performance Management Framework; concentrating on how performance was measured and evaluated and how it linked with their priorities and outcomes as well as those of the Council.</p> <p>With reference to the Business Continuity Plan Mr Buck asked if the plan was still fit for purpose: Graeme Cumming (Interim Managing Director/Finance Director, AECC) advised that AECC had adopted two continuity plans the first was a Major Incident Master Plan and the second was a Corporate Continuity Plan. With regards to the Major Incident Master Plan Mr</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to request an update on the development of AECC's Corporate Continuity Plan; (ii) to otherwise note the Major Incident Plan; and (iii) note the information provided. 	Neil Buck

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			<p>Cumming advised that clear procedures and processes were in place which involved detailed scenario planning with all AECC staff and there was close co-operation and co-ordination with the Emergency Services; Environmental Health and they had appointed an external health and safety advisor to support their planning for the event.</p> <p>With regards to the Corporate Continuity Plan Mr Cumming conceded that this plan was not as developed and in response they had appointed an external consultant to advise them on the development of a more robust Corporate Continuity Plan.</p>		
3.	Current Risk Register	(a) Risk Management Policy; and (b) Risk Register (1 June 2015).	<p>With reference to the Risk Register Mr Buck stated that it provided a comprehensive account of the business risks and welcomed the use of the traffic lighting system. He noticed that AECC had no red risks and asked how risks were identified and enquired about the frequency of their review: Graeme Cumming advised that risks were updated on a rolling period but conceded that the Risk Register had not been formally reviewed for a period of time and explained that since he had taken over as Interim Managing Director last month he had drawn up a calendar of events to ensure that the Risk Register was reviewed on a six monthly basis by the Senior Management Team (SMT) and</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to request an update on the review of AECC's Risk register;</p> <p>(ii) to otherwise note the reports; and</p> <p>(iii) note the information provided.</p>	Neil Buck

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			<p>annually by the Board.</p> <p>Mr Cumming added that risk was identified at ground level as all 80 staff were based on site and most teams were line managed by a senior manager who categorised the risk as either a corporate or operational risk. From there the identified risk would be reported to SMT and then to the Board for action in order to mitigate and manage the risk. Mr Cumming added that he felt that their risk reporting had been effective and he cited as evidence the recent build up to the Elton John concert on 20 June in which daily meetings on risk were held.</p>		
4.	Annual Business Plan and Performance Framework	<p>(a) New AECC Business Plan; and</p> <p>(b) 2015/16 Budget Narrative.</p>	<p>With reference to the Performance Management Framework and benchmarking: Louise Lonie (Director of Sales and Communications, AECC) confirmed that AECC had benchmarked against comparative conference and entertainment facilities to determine trends and share best practice. Ms Lonie added that AECC were members of several industry bodies such as the National Arena Association and the Association of Event Organisers and these forums had proven valuable for identifying trends in areas such as average customer spend and salary benchmarking. She elaborated that the Performance Management Framework informed financial projections; budget setting; marketing strategy and</p>	<p>The Hub resolved:-</p> <p>(i) to note the reports; and</p> <p>(ii) to note the information provided.</p>	Neil Buck

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			ticket pricing.		
5.	External and Internal Inspection Structure with Outstanding Recommendations	Audit Planning Report (31 March 2015).	With reference to the External and Internal Inspection Structure: Paul Dixon (Accounting Manager, ACC) enquired about AECC's auditing arrangements: Mr Cumming advised that AECC had no internal auditor and their external auditor was Anderson Anderson Brown. He added that AECC had no outstanding audit recommendations and no recommendations to his knowledge had ever been raised and he stated that the Board was very risk averse in this regard.	The Hub resolved:- (i) to note the report; and (ii) to note the information provided.	Neil Buck
Financial Governance					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
6.	Approved Financial Procedures	Financial Regulations and Procedures (21 January 2011).	Paul Dixon introduced the Financial Governance section and advised that he sought assurance on the robustness of AECC's financial procedures. Mr Dixon enquired if AECC had measures in place to mitigate against a reduction in funding due to ongoing austerity measures: Graeme Cumming advised that their business plan had made assumptions of funding being reduced by 5% and they had also designed a financial model based on no grant funding being allocated. He iterated that it was incumbent on the AECC to innovate and source new funding streams.	The Hub resolved:- (i) to request that an AECC Board Financial Briefing Pack be cascaded to Hub members ahead of the next Hub meeting; (ii) otherwise to note the report; and (iii) to note the information provided.	Paul Dixon

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		<p>Mr Dixon referred to the submitted Financial Procedures which were approved by the Board on 23 January 2011 and asked if they were outdated and enquired about how financial performance was presented and considered at Board meetings: Graeme Cumming advised that he did not feel that their financial procedures were outdated as they were updated on an ongoing basis but he would consider reviewing them in due course.</p>		
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With reference to the presentation of financial performance at Board meetings: Mr Cumming explained that financial performance was a standing item on the Board agenda and at each meeting Board members received a financial pack that contained balance sheets; marketing information; data analysis; and a narrative on forecasting and performance and he cited the Report Template and Meeting Agenda Template submitted under Item 3d of the agenda as evidence of this approach.

Mr Cumming further advised that the Board approved the Business Plan and at least one Councillor on the Board had to be present in order for the meeting to be quorate. He elaborated that the Board always received a presentation and a question and answer session for budgetary matters that required approval.

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Decision Making					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
7.	Board Structure and Sub Committees with Remit and Membership	(a) Organisational Chart; and (b) 2016 Calendar for Board Meetings and Remuneration Committees.	<p>The Chair (Senior Democratic Services Manager) spoke to the Decision Making section and enquired how AECC assessed the capability of Board members and what procedures were in place to identify a skills gap: Graeme Cumming replied that he felt that Board members were capable of understanding issues and made informed decisions. He explained that they had identified that no Board member had a background or expertise in marketing and promotion and this would be essential as the AECC prepared to move to its new venue and he added that a competency review of the Board would be conducted in due course.</p> <p>The Chair asked if AECC considered the gender balance of the Board to be a risk: Graeme Cumming explained that he had not thought of this as a risk and that there had been no discrimination against female applicants to the Board. He elaborated that there had been no formal recruitment process onto the Board for a considerable period of time but stated that more formal procedures and policies could be developed to raise greater awareness of this issue that would inform future recruitment to ensure women were fairly recruited and represented on the Board.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to request an update on AECC's plans to conduct a skills analysis and competency review of the Board;</p> <p>(ii) to otherwise note the reports; and</p> <p>(iii) note the information provided.</p>	Roderick MacBeath

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8.	Constitution and Delegations	<p>(a) Articles of Association (31 March 2014); and</p> <p>(b) Limits and Levels of Authority report.</p>	<p>The Chair explained that reference had been made in an audit report with regards to the inconsistent approach adopted by the ALEOs with regards to ACC officer attendance at ALEO Board meetings. The Chair asked if ACC officers were welcome to attend AECC Board meetings; that they received agenda papers in advance and had the opportunity to speak at meetings:</p> <p>Graeme Cumming confirmed that the Council's liaison officer had received agenda papers in advance of the meeting and were permitted to speak at Board meetings which operated on an informal basis.</p> <p>The Chair welcomed this and advised that the ACC Chief Executive had nominated a lead officer for each ALEO and they would represent their Council Service at Board meetings.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p> <p>(ii) to note the information provided.</p>	Roderick MacBeath
9.	Report Template for Board and Sub Committees	<p>(a) Terms of Reference for Remuneration Committee;</p> <p>(b) Board Report Template;</p> <p>(c) Meeting Agenda Template; and</p> <p>(d) Director Induction Program with Director Induction Pack.</p>	The Chair stated that the documents submitted were satisfactory.	<p><u>The Hub resolved:-</u></p> <p>to note the reports.</p>	Roderick MacBeath
10.	Legal Compliance	Compliance with Legislation Report (2015).	The Chair stated that the document submitted was satisfactory.	<p><u>The Hub resolved:-</u></p> <p>to note the report.</p>	Roderick MacBeath

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HR Compliance and Best Practice					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
11.	Sickness Management	Permanent Employees Staff Handbook (section twelve: Sickness)	Jeff Capstick (HR Manager) spoke to the HR Compliance and Best Practice section and enquired about AECC's approach towards sickness management: Graeme Cumming advised that sickness absence was not a significant issue for AECC as they were a small organisation and he iterated that clear procedures were in place to mitigate and manage this issue and that all absences were recorded and held centrally where trends could be identified and analysed.	<p>The Hub resolved:-</p> <ul style="list-style-type: none"> (i) to note the report; and (ii) to note the information provided. 	Jeff Capstick
12.	Conduct and Capability Procedures	Permanent Employees Staff Handbook (section 16: Grievance Procedure; section 17 Disciplinary Procedure; and section 19: Personal Conduct).	<p>With reference to Conduct and Capability Procedures: Graeme Cumming advised that they had recently recruited a HR Manager who was professionally accredited and she was currently reviewing their disciplinary procedures and difficult conversations guidance in order to further empower managers.</p> <p>Mr Cumming further explained that AECC had had up to 500 casual staff working for them and several team leaders were very young and this presented unique challenges. He added that they always aimed to comply with HR guidance and legislation and increase gross value added.</p>	<p>The Hub resolved:-</p> <ul style="list-style-type: none"> (i) to note the report; and (ii) to note the information provided. 	Jeff Capstick

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13.	Staff Engagement Strategy	<p>(a) Permanent Employees Staff Survey (January 2014);</p> <p>(b) Investors in People Audit Report (March 2014);</p> <p>(c) Casual Workers Survey (January 2014); and</p> <p>(d) Email confirmation from Investors in People Scotland on the achievement of Bronze Accreditation (26 March 2014).</p>	<p>With reference to the Staff Engagement Strategy: Graeme Cumming explained that AECC had used the UK Treasury's staff engagement strategy as a template and their staff surveys were conducted and analysed by an external consultant: The Urquhart Partnership. Mr Cumming elaborated that survey questions were standardised for both permanent and casual staff and they now had a representative data base having conducted two staff surveys with another survey scheduled for early next year. He added that the outcomes of the surveys were reported to SMT and the Board and then cascaded to staff.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p> <p>(ii) to note the information provided.</p>	Jeff Capstick
14.	Health and Safety Compliance	Health and Safety Policy (March 2015).	<p>Martyn Phillips (Health and Safety Advisor, ACC) spoke to the Health and Safety Compliance section and enquired about AECC's most pressing health and safety risks: Graeme Cumming highlighted equipment and vehicle training as there had been a serious forklift accident in 2007 and this had precipitated a fundamental review of their health and safety policies and procedures and he added that they had appointed an external consultant with industry specific knowledge to advise them on health and safety matters. Mr Cumming also highlighted the risk of allergies as they operated a catering business; and construction design management as the AECC facility was classed in regulations</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the report; and</p> <p>(ii) to note the information provided.</p>	Mary Agnew/ Martyn Phillips

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as a construction site.

With reference to the appropriate assignment of risk: Mr Cumming advised that as a small organisation they could be more flexible and their staff structure ensured that the most qualified staff were assigned to high risk areas. He elaborated that in recent years there had been a culture change with regards to health and safety and the AECC was more transparent in their approach and he highlighted the availability of their Near Miss Register as an example of this openness. Further to this he explained that all staff received a health and safety email and every team had a health and safety champion; they also had established a Health and Safety Committee with staff participation and membership which met regularly and health and safety was a standing item on the Board's agenda.

With regards to ensuring that competent people were employed: Mr Cumming advised that all staff had undergone induction training; and role specific training and testing were conducted on an ongoing basis.

With reference to the source of AECC's occupational health advice: Mr Cumming explained that they received occupational health advice on an ad hoc basis and he added that they maintained an accident

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			log and most occupational health issues related to stress or musculoskeletal injuries. He further advised that AECC had introduced the Simply Health Program which was a medical plan designed to help staff to cover the cost of treatments such as physiotherapy and he explained that they were investigating the option of introducing counselling in the future.		
Commercial Compliance and Best Practice					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
15.	Procurement Regulations and Procedures	(a) Invitation to Tender Documentation; and (b) Contracts and Procurement Standing Orders (23 January 2011).	Joan McCluskey (Corporate and Procurement Manager, ACC) introduced the Commercial Compliance and Best Practice section and stated how public money was spent was very important and subject to changing legislation and regulations from Scottish Government and the EU and it was essential that procurement procedures were in line with legislation. She added that the three overriding principles that should inform procurement regulations and procedures were fairness, openness and transparency. Ms McCluskey noted that AECC's procurement standing orders were dated 23 January 2011 and asked about the frequency of their review: Graeme Cumming advised that procurement standing orders were updated on an ongoing basis and that their tender template for procuring large scale	<u>The Hub resolved:-</u> (i) to advise and support AECC in their development of robust procurement procedures to satisfy regulations and reporting arrangements set out in the Procurement Reform (Scotland) Bill (2014); (ii) to otherwise note the reports; and (iii) note the information provided.	Joan McCluskey

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services was reviewed by the Board on an annual basis. Mr Cumming queried if AECC was subject to EU procurement legislation; in addition to Best Value for Public Pound regulations. Ms McCluskey advised that it was her understanding that as an ALEO of the Council AECC was subject to EU Procurement legislation and she advised that she would be happy to provide further guidance on this matter.

With reference to Corporate Procurement Procedures being made available to staff: Mr Cumming explained that small amounts could be covered by credit card whereas larger costs required a sign off from an Authorised Officer and these orders would be processed through their Purchase Ordering System. He added that procurement fell into two categories: Events Based Procurement and Corporate Procurement and managers were responsible for their own areas in this regard.

With reference to how AECC ensured that tender opportunities were advertised fairly and transparently: Louise Lonie advised that AECC maintained a contacts list and advertised tender opportunities on their website. She added that they had investigated advertising in the Press and Journal but deemed that the costs were too high. Graeme Cumming elaborated that as a small organisation they had to

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balance the level of cost with the level of transparency and conceded that perhaps the balance was slightly tilted towards efficiency levels and he would be happy to receive advice on rectifying this matter. And Ms McCluskey replied that she would be happy to provide this guidance and advised that Scottish Government had mechanisms in place to support small organisations and recommended that they use Public Contracts Scotland.

Ms McCluskey noted that AECC had maintained a Contracts Register and enquired if it was up to date and if they forward planned: Louise Lonie advised that the Contracts Register was updated as and when contracts were secured, renewed or ended and they made a particular note of contracts with a value over £60,000. Graeme Cumming added that AECC had adopted a flexible approach that empowered managers to be proactive and cost effective and they could secure best value; particularly with groceries as they had not entered into standard contracts with any of their food providers. Mr Cumming advised that AECC had a small number of contracts and their adoption of a flexible approach determined that forward planning was not a priority.

To conclude, Ms McCluskey asked if AECC were aware of the Procurement

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			<p>Reform (Scotland) Bill (2014) and the impact it would have on how they procured services and their reporting arrangements. She added this was the nucleus of her scrutiny to provide assurance that a Contracts Register; sustainable procurement practices and forward planning would be developed by AECC before the act came into force:</p> <p>Mr Cumming stated that he was not aware of the legislation and requested advice and guidance on this issue from ACC colleagues and added that he was happy to learn about how these procedures could be developed and more broadly how AECC could integrate more fully with the Single Outcome Agreement (SOA) and how greater engagement and communication could be promoted and effected between AECC and the Council.</p>		
Operational Performance					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
16.	Operational Performance	(a) Funding and Service Provision Agreement; and (b) Corporate Review 2013/14.	Scott Ramsay (Senior Project Officer, ACC) spoke to the Operational Performance section and he asked the AECC representatives to assess their performance against the objectives in their Business Plan: Louise Lonie advised that entertainment performance had been strong as receipts had increased by over £1million compared to the previous year.	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p> <p>(ii) to note the information provided.</p>	Richard Sweetnam/ Scott Ramsay

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Whereas the conference side of the business was more cyclical and had been adversely impacted by the downturn in the oil and gas industry and subsequently receipts had decreased by £800,000 in comparison to the previous year.

Further to this Ms Lonie explained that AECC benchmarked against several facilities, and paid particular attention to the Wales Millennium Centre in Cardiff: a venue and city of similar size and found that they had performed well against most KPIs. She was also encouraged that over 15,000 tickets had been sold for the upcoming Elton John concert and that this had opened up areas for innovative development ahead of the delivery of the new AECC facility.

With reference to major areas of challenge: Ms Lonie highlighted that the current venue was outdated and that selling Aberdeen as a conference and entertainment destination was particularly challenging due to location and logistical problems such as the lack of hotel rooms for prospective clients and service users. Ms Lonie iterated that she would be keen to work more closely with Aberdeen Airport; the universities; ACC and VisitAberdeen to more effectively promote the city as a desirable destination.

With regards to the collation of customer

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			<p>feedback: Ms Lonie advised that they had disseminated customer experience questionnaires and had followed this up with more in depth customer satisfaction phone calls and had found that 80% of business was repeat business which confirmed that AECC had a large and satisfied customer base. The other 20% that was not repeat business tended to be corporate and conference business that had been impacted by the challenging economic environment or rotated their conferences between cities.</p>		
17.	The Chair's Closing Remarks	N/A	<p>The Chair reiterated that the minutes from today's meeting would be submitted to the Audit, Risk and Scrutiny Committee on 25 June and to the Communities, Housing and Infrastructure Committee on 27 August. He explained that a report which focussed on service performance would also be submitted to the Communities, Housing and Infrastructure Committee.</p> <p>Graeme Cumming stated that he welcomed increased engagement with the Council and wanted to integrate more fully with the SOA and would be keen to develop and expand Service Level Agreements.</p> <p>The Chair thanked the AECC representatives for their attendance and their contributions and brought the meeting to a close.</p>	N/A	N/A

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If you require further information about this minute, please contact Iain Robertson tel. 01224 522869 or email iairobertson@aberdeencity.gov.uk