

**ALEO GOVERNANCE HUB
ABERDEEN EXHIBITION AND CONFERENCE CENTRE (AECC) LTD**

ABERDEEN, 8 December 2015. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and, Neil Buck (IT and Transformation), Sandra Buthlay (Finance), Paul Dixon (Finance) and Scott Ramsay (Economic Development); and Graeme Cumming (Interim Managing Director/Finance Director (AECC Ltd)).

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

Apologies: Mary Agnew (Human Resources and Customer Service), Jeff Capstick (Human Resources and Customer Service), Joan McCluskey (Commercial and Procurement Services) and Richard Sweetnam (Economic Development).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	<p>The Chair opened the meeting and advised that the Scottish Parliament's Local Government and Regeneration Committee had taken evidence from a cross section of ALEOs and their parent Local Authorities on 18 November 2015 and 2 December 2015. He explained that the Committee would publish a report with possible guidance on governance arrangements between Local Authorities and their ALEOs.</p> <p>The Chair further advised that the Council was considering holding quarterly Hub meetings based on an Audit Scotland recommendation and that the next cycle of meetings had been scheduled for the week beginning 9 May 2016.</p>	to note the information provided.	N/A
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2.	Minute of previous meeting – 15 June 2015	ALEO Governance Hub minute – 15 June 2015	N/A	<u>The Hub resolved:-</u> to approve the minute as a correct record.	I Robertson
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Improvement Plan (Corporate Continuity Planning)	Business Continuity Presentation Document.	The Chair advised that this item was on the agenda under item 3.	<u>The Hub resolved:-</u> to note the report.	N Buck
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan (Risk Register)	Risk Register as at 31 October 2014.	The Chair advised that this item was on the agenda under item 4.	<u>The Hub resolved:-</u> to note the risk register.	N Buck
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5.	Improvement Plan (Financial Governance)	Finance report (including restructure update) from AECC Board meeting – 20 November 2015.	Paul Dixon (Finance) enquired about the next business plan and when it would be produced and asked Mr Cumming to speak to the attached Finance report dated 20 November 2015. Graeme Cumming (Interim Managing Director/Finance director, AECC) advised that the business plan for 2016-17 would be submitted to the Board in the spring and expected the next financial year to be challenging. He added that overhead costs were relatively stable with staffing costs accounting for the largest proportion of the budget and that forecasts were based on the events that had been scheduled and from there, the anticipated revenue and profit margins had been calculated. He highlighted that forecasting revenues for	<u>The Hub resolved:-</u> (i) to note the report; (ii) to request an update on the development of the 2016-17 Business Plan at the next Hub meeting; and (iii) to note the information provided.	P Dixon

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			<p>entertainment events was particularly challenging as 50% of promotions tended to withdraw before the booking had been publicised.</p> <p>Mr Cumming advised that AECC were on target to be within budget for the 2015-16 financial year but anticipated that staff headcount would be reduced. He explained that AECC had benefitted from the SNP Conference in October 2015 but had been negatively impacted by the loss of business from the oil and gas sector. He also highlighted that revenue from secondary income streams such as car parking had been significantly reduced due to less traffic from nearby businesses; and that revenue from food and beverage sales at entertainment events had also fallen in comparison to the previous financial year.</p>		
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6.	Improvement Plan (Board Competency Review)	<p>a) Board Self Evaluation Questionnaire; and</p> <p>b) Scoring Matrix for Existing Directors.</p>	The Chair informed the Hub that he found the submitted reports to be very useful and asked Mr Cumming to speak to the reports. Mr Cumming advised that he had found the exercises had improved the governance arrangements of the business and had addressed pertinent issues such as succession planning. He added that the scoring matrix had been helpful in pinpointing and analysing the strengths and weaknesses of Board members and	<p>The Hub resolved:-</p> <p>(i) to note the reports; and</p> <p>(ii) to note the information provided.</p>	R MacBeath

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			<p>explained that knowledge gaps had been identified in tendering and marketing as a result.</p> <p>The Chair advised that the Scottish Parliament's Local Government and Regeneration Committee had enquired about the role of Councillors on ALEO Boards and asked what he deemed the role of Councillors on the AECC Board to be. Mr Cumming explained that Councillors' experience of analysing the strategic environment, scrutinising corporate reviews and acting as advocates for the AECC had been very useful.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Improvement Plan (Procurement Arrangements)	N/A	<p>The Chair explained that Joan McCluskey (Commercial and Procurement Services) had sent her apologies for today's meeting but had prepared a note on AECC's procurement arrangements which he summarised for the Hub. The Chair informed the Hub that statutory guidance had come into effect on 1 November 2015 for fair working practices and award criteria for procurements with a value over £50,000. He added that the overall approach of a bidder to fair work practices must be considered, and must include all relevant evidence on recruitment, remuneration, terms of engagement, skills utilisation, job support and worker representation. The Chair noted that Ms</p>	<p>The Hub resolved:-</p> <p>(i) to request that a meeting be scheduled between AECC and the Council's Commercial and Procurement Services team in the New Year to provide assurance that AECC would be compliant with the statutory requirements of the Procurement Reform (Scotland) Act 2014 before the Act came into effect in April</p>	J McCluskey

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			McCluskey had met with Mr Cumming in September 2015 and would welcome an additional meeting with him in the New Year to provide him with ACC's revised internal procedure and to discuss AECC's statutory compliance with the legislation before the Act came into effect in April 2016.	(ii) 2016; and to note the information provided.	
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Business and Corporate Continuity Planning	<ul style="list-style-type: none"> a) Business Continuity Policy Statement; b) Business Continuity Major Incident Response; c) Business Continuity Hierarchy; d) Business Continuity Presentation Document; and e) Business Continuity Draft Report Debrief. 	<p>Neil Buck (IT and Transformation) informed the Hub that he found the submitted business continuity documents to be useful and he welcomed the inclusion of scenario planning. Mr Buck asked about the type of exercises that had been conducted and how often they were carried out. Graeme Cumming advised that business continuity exercises were carried out on an annual basis and the exercises depended on forthcoming events that had been scheduled as they would help inform the development of appropriate operational procedures and processes. He also added that they aimed to attain ISO accreditation but this would be dependent on the budgetary position.</p> <p>Paul Dixon asked what assumptions AECC had made with regards to core funding allocation for 2016-17 and whether they had developed a financial model that accounted for no core funding. Mr Cumming advised that they had assumed</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to note the reports; and (ii) to note the information provided. 	N Buck/P Dixon

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			<p>a 5% reduction in core funding which amounted to £75,000 in real terms and he added that they would need to attract £150,000 of new business to compensate for the loss of funding and account for their overhead costs. He explained that the existing facility, restricted to a capacity of 4,000 people could not operate without core funding but the new venue would be in a more advantageous position to do so as its increased floor space would attract global entertainment acts and allow for multiple events to be held simultaneously. Mr Cumming also highlighted that they had prepared a four year financial forecast that accounted for £270,000 in staff efficiencies per annum and projected that AECC would break even over the period.</p> <p>The Chair noted that the Scottish Parliament’s Local Government and Regeneration Committee had enquired if ALEOs paid their staff the Living Wage and he asked if AECC had a policy to do so. Mr Cumming advised that there was no written policy that stated this commitment but this had been standard practice for permanent staff. He added that AECC had over 600 casual staff and their receipt of the Living Wage depended on their age. He explained that the vast majority of casual staff were under the age of 25 and the cost to apply the Living Wage across all the board would have to</p>		
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			<p>be accounted for within the scope of the current budgetary position.</p> <p>Mr Cumming also informed the Hub that the Council's plans to increase the level of connectivity between the AECC, the city centre and the airport was welcomed by the Board as the success of entertainment events and conferences depended as much on the attractiveness, connectivity and vibrancy of the host city as the venue itself and he was mindful of the importance of fostering connections between clients and local Councillors and businesspeople to ensure that business could be retained and expanded upon.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	Risk Register	Risk Register as at 31 October 2014.	Neil Buck noted that AECC's risk register had not been reviewed since 31 October 2014 and suggested that existing risks should be reviewed and risks related to the new strategic environment; specifically those associated with the tendering process also needed to be identified and mitigated. Graeme Cumming advised that a risk workshop had been scheduled to review these risks and that new risks related to the tendering process and the new venue would also be developed. He highlighted his concern that due to the uncertainty of the tendering process, there was a risk that senior staff would be headhunted leading to a loss of expertise;	<p><u>The Hub resolved:-</u></p> <p>(i) to note the risk register;</p> <p>(ii) to request that the AECC Board give consideration to reviewing the risk register and to consider the inclusion of risks related to the tendering process ahead of the Hub's next meeting in May 2016; and</p> <p>(iii) to note the information provided.</p>	N Buck

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10.	Service Performance	AECC Board Papers – 20 November 2015.	<p>Mr Buck advised that this risk should be incorporated into the updated risk register.</p> <p>Scott Ramsay (Economic Development) firstly acknowledged the challenging strategic environment for the AECC during the tendering process for the new venue and he asked if Mr Cumming could provide an indication of an opening date for the new venue. Graeme Cumming anticipated that the new venue would have a soft opening between November 2018 and January 2019 and he was mindful that there was still an open date to facilitate Offshore Europe in September 2019.</p> <p>Mr Ramsay enquired about staff morale during the transition period, to which Mr Cumming advised that staff were concerned about job security and there were ongoing issues relating to TUPE. He informed the Hub of his concern that senior staff were being headhunted due to uncertainty with regards to tendering and there was a significant risk of expertise being lost. He added that regular meetings had been held with staff to discuss these matters and advised that an honest and transparent approach had been adopted.</p> <p>Mr Ramsay asked if the Board's tendering plans were in place, to which Mr Cumming advised that the Board had contracted an</p>	<p>The Hub resolved:-</p> <p>(i) to note the report;</p> <p>(ii) to request an update on AECC's tendering arrangements at the next Hub meeting in May 2016; and</p> <p>(iii) to note the information provided.</p>	S Ramsay

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			<p>external provider to avoid a potential conflict of interest with the Council and they had also established a tender sub group that would focus on the bid and report to the Board until the contract had been concluded in 2017.</p> <p>The Chair noted that there was not an update to date Service Level Agreement (SLA) in place for AECC and there had been a two year delay since the last annual Business Plan had been submitted to ACC, and asked if this had had a detrimental impact on business planning. Mr Cumming advised that the SLA needed to be reviewed in light of the tendering process and the promotion of the new venue. He added that he would favour an annual review of the SLA to increase the robustness of the business plan as it would be beneficial to have AECC's objectives clearly outlined as there was uncertainty over their primary purpose: whether it was to promote the social economy or focus on increasing revenue, he also outlined his concern that these expectations had conflicted in certain areas. Mr Ramsay informed the Hub that discussions were ongoing with regards to the review of AECC's SLA and he was hopeful that this process would be at an advanced stage by the next Hub meeting in May 2016.</p>		
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11.	The Chair's Closing Remarks	N/A	The Chair thanked Mr Cumming for his attendance and contribution and the Clerk advised that the minutes from today's meeting would be submitted to the Council's Audit, Risk and Scrutiny Committee on 25 February 2016 and thereafter to the Communities, Housing and Infrastructure Committee on 15 March 2016. The Chair then brought the meeting to a close.	to note the information provided.	N/A

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