

Foi Enquiries

From: Foi Enquiries
Sent: 24 May 2018 11:07
To: [REDACTED]
Subject: EIR-18-0684 - Kingsford Stadium
Attachments: V2 - Further Information - Right to Review & Appeal.pdf; EIR-18-0684 - Memo.pdf

Dear [REDACTED]

Thank you for your clarified information request of 28 April 2018. Aberdeen City Council (ACC) has completed the necessary search for the information requested.

The time frame would be from 6th November to 7th December 2017.

- I would like to request the expenses record for [REDACTED] in relation to his attendance at the meeting.
No expenses recorded.

ACC is unable to provide you with information on **the above requested expenses record** as it is not held by the Council. In order to comply with its obligations under the terms of Regulation 10(4)(a) - Information Not Held - of the EIRs, ACC hereby gives notice that this information is not held by it. ACC is required by Regulation 10(1)(b) of the EIRs to inform you as to why in all the circumstances of the case, the public interest in maintaining this exception outweighs the public interest in disclosing this information to you. ACC is satisfied that it does not hold this information and considers that, as there is no information held, the public interest lies with the exception.

- I would like a copy the notes [REDACTED] made in his notebook in relation to this meeting.
No notes recorded.

ACC is unable to provide you with information on **a copy of the above requested notes** as it is not held by the Council. In order to comply with its obligations under the terms of Regulation 10(4)(a) - Information Not Held - of the EIRs, ACC hereby gives notice that this information is not held by it. ACC is required by Regulation 10(1)(b) of the EIRs to inform you as to why in all the circumstances of the case, the public interest in maintaining this exception outweighs the public interest in disclosing this information to you. ACC is satisfied that it does not hold this information and considers that, as there is no information held, the public interest lies with the exception.

- I would like any note/memo/ report or any communication that [REDACTED] made in relation to his visit to the AGCC on 7th December. In particular I am looking for his report he made to verify the AGCC economic models.
The only comments are in an internal memo and say the below (page 3):

“Officers from ACC have reviewed the actual model directly and understand the approach used, the methods applied and assumptions used. Officers are satisfied with its workings”.

The internal memo is attached: [EIR-18-0684 – Memo](#).

- logs of incoming or outgoing calls to AGCC from or to [REDACTED]. I understand that logs of calls and numbers are kept by the telephony system
Please see below:

Date	Time	Duration	Dialled Digits	Location
08/11/17	14:50:10	00:11:58	01224 343904	Aberdeen

27/11/17 15:27:14 00:00:22 01224 343904 Aberdeen

We hope this helps with your request.

Yours sincerely,

Anna Buchan
Information Compliance Officer

INFORMATION ABOUT THE HANDLING OF YOUR REQUEST

As the information which you requested is environmental information, as defined under Regulation 2(1) of the Environmental Information (Scotland) Regulations 2004 (the EIRs), ACC considered that it was exempt from release through FOISA, and must therefore give you notice that we are refusing your request under Section 39(2) of FOISA (Freedom of Information (Scotland) Act 2002). However, you have a separate right to access the information which you have requested under Regulation 5 of the EIRs, under which ACC has handled your request. Please refer to the attached PDF for more information about your rights under the EIRs.

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*03000 numbers are free to call if you have 'free minutes' included in your mobile call plan.
Calls from BT landlines will be charged at the local call rate of 10.24p per minute (the same as 01224s).

MKA Economics Report on Kingsford for No Kingsford Stadium

MKA Economics was commissioned in December 2017 by No Kingsford Stadium Ltd (NKS) to undertake an independent appraisal of key documents (the EKOS and AGCC research) that the applicant had submitted in order to assess the net economic benefit of proposed relocation of Aberdeen Football Club (AFC) to Kingsford. The MKA Economics appraisal raised a number of questions about both assessments:

- General – findings are open to challenge and lack clarity and consistency;
- they over-estimate the impacts as ‘deadweight’ is not assessed correctly;
- the assessments do not review options as required by HMT Green Book
- questions the 35% fall in crowd numbers in the Do Nothing base case scenario
- questions whether the football club will be successful in hosting six significant new events per annum (which represent a significant component of the overall economic impact of the project) and
- questions reliability of the survey of fans behaviour which was the basis of the estimate of the economic impact to the city centre of the project.

The questions raised followed a brief desk top analysis by MKA Economics of the two reports. However the first consultation process raised a number of questions and gaps on the economic benefits reported in the EKOS Report. The applicant responded to these with the submission of a second assessment by AGCC.

ACC View

On 12 December 2017, officers in the Council’s Economic Development Service provided a response to the AGCC research (October 2017) and not the EKOS Research. Based on this, it is our view that options have been reviewed in accordance with HMT Green Book Guidance and that the base case “deadweight” option of remaining at Pittodrie has been correctly assessed.

The likely scale of economic benefit at Kingsford is predicated on a range of activity scenarios driven by attendance volumes. In turn, attendance is assumed to rely on the success of the team and the club. In this sense there is no guarantee that the attendance target will be met, and that the likely scale of the economic benefit materialises at the Kingsford option. For this reason, ex-ante, a number of scenarios are presented that consider the sensitivity of changes to attendance on the predicted economic benefit.

Similarly for new and additional fixtures/ events, the likely scale of the economic benefit of the Kingsford option assumes that the club’s business plan targets are met and it has the capacity and expertise to compete for new opportunities for additional football or other sporting activity. This is not known but is assumed to be an integral part of the club’s planning in the ‘with project’ scenario.

The anticipated effect of the ‘with project scenario’ on the city centre is based on actual behaviour in a survey of their fans’ current spend at Pittodrie fixtures. AFC presented the loss to the city centre as a range and we are satisfied that the loss is likely to be at the lower end of that range of £0.51m to £1.78m. MKA Economics themselves estimated a range of £0.8m to £1.2m.

Specific Questions and Answers

MKA Economics refer to the following *italicized* deficiencies in the AFC analysis:

1. *The increased GVA at Kingsford is largely based on attracting larger crowds and additional sporting and music events compared with at Pittodrie both of which have weak supporting arguments.*

The increased GVA is largely based on attracting larger attendance and additional sporting and music events compared in the 'with project' scenario. The applicant has stated that in the 'do-nothing scenario', any refurbishment costs combined with an inability to play European football, could impact on funds available for playing budgets, which in turn compromises the football club's performances, and, in turn, attendance at Pittodrie. In response to this, a base case scenario has been chosen that is consistent with a period of relatively poor performance in recent decades. Sensitivity analysis has also been provided.

Attracting additional sporting and music events is part of the club's business planning and while it may be a challenge to procure all of these events it seems plausible that a new stadium at Kingsford would have more success in doing so.

2. *The analysis uses national rather than local multipliers which may overstate the economics benefit of Kingsford.*

There are no regional input-output tables from which to derive local employment/ income multipliers thus national multipliers are used. However, but it is likely that there is only a marginal difference impact on the estimates provided by the applicant.

If there is 'overestimation' then this is the same for do-nothing and Kingsford options therefore mitigating the 'net impact' of any overestimation

3. *The analysis does not have an appropriate treatment of deadweight or alternative site options.*

The analysis has a base case at Pittodrie of 8,500 fans per game on average. A scenario of 10,000 fans per game has also been provided. Reasons have been provided as to why attendances are assumed to fall at Pittodrie in the long run. Alternative locations such as Kings Links and Loirston have also been excluded on the grounds of land not being available or economically unaffordable for the club. Thus any such assessments would have been purely hypothetical which would have been against Government guidance on undertaking economic assessments

4. *The analysis assumes low displacement in terms of spend generated from people attending additional sporting events.*

While there is likely to be some displacement much of the new spend can be viewed as additional. Any displaced spend is taking place at Kingsford from fans based in the north east. This though has to be offset against lost spend from fans from the North East that would otherwise have travelled to a location out of the region to take in the same fixture. The sporting fixture is also likely to attract people furth of the North-East whose spend is clearly additional. Further, an additional sporting

event is discretionary spend and is unlikely to have the same displacement as non-discretionary spend.

5. *The model isn't transparent.*

Summary tables have been provided to the public but officers from ACC have reviewed the actual model directly and understand the approach used, the methods applied and assumptions used. Officers are satisfied with its workings.

6. *The loss to the city centre is estimated at between £0.8m a year and £1.2m a year greater than the £0.51m a year presented in the analysis.*

The estimated loss to the city centre is based on fans actual behaviour in a survey of 5,000 fans of their current spend at Pittodrie fixtures. There is potential for City centre impact to be mitigated by local businesses and people may not change behaviour in City centre before games.

NKS has suggested the impact would be £800,000 to £1.2m for 20 games. Even this impact is far less than the forecast benefits to the region of the project. We cannot analyse the NKS data and are unsure on how input assumptions (e.g. spend per head) have been created as well as other analytical methods.

7. *The survey draws on transport choices, rather than directly asking fans / non-fans about the location of their expenditure. The level of assumptions question the overall veracity of the results, which ultimately only show the scale and change of potential impacts on the city centre based on changes in crowd numbers.*

The loss to the city centre is based on actual behaviour in a survey of actual current spend at Pittodrie fixtures.

8. *Aberdeen isn't an obvious choice for music concerts etc. and Kingsford wouldn't be able to attract them.*

The ambition in the Regional Economic Strategy is to diversify towards new growth sectors and attracting such events is a cornerstone of the strategy's ambitions. However the ability for venues to attract new activity is dependent on the assumption that AFC has the capacity to compete for and convert activity that could be accommodated within a 'stadium venue'.

The evidence submitted by the SFA itself suggests bringing games to the North East is definitely an option to be considered.

9. *The analysis has understated the impact of displaced activity in attracting new events.*

NKS report concludes 'we can deduce displacement and multiplier effects have been allowed for in line with industry best practice'. A similar conclusion is reached by ACC economists.

In addition it is inappropriate to fully displace impacts from new areas of activity (e.g. SFA matches) as these are discretionary spend activities for locals and in addition these events will bring 'new money' into the area from fans that are visiting.

10. *Can you be certain that the crowds will materialise?*

There is no guarantee that the attendance target will be met so a range of scenarios have been provided. Therefore there is some uncertainty around the likely scale of the economic benefit of the Kingsford option. The analysis does show however that in the context of the scale of challenges in operating the club under a 'do nothing' scenario, the net benefit under the Kingsford option does show that a significant economic benefit results from the project.

11. *Can we be certain the club will attract new events?*

The ability of the club to convert opportunities for new and additional football or other sporting activity is not yet known and would form part of the club's business planning.

The Regional Economic Strategy identifies tourism and leisure as a priority sector, aiming to increase visitor spend in the North-East. The Kingsford proposal contributes to the overall ambition to diversify the city and regional economy and lever in additional investment into the region. It would offer opportunities to attract new sporting events to the city, maximising economic benefits that may not be possible under a 'do-nothing' scenario.

As well as the **potential** to provide further events infrastructure to the north east, the development has potential to promote the north-east as a sporting destination. If these additional sporting events materialise, there is an opportunity, through the VisitAberdeenshire partnership, to maximise the opportunities for event-related and overnight/weekend business.

Without a new stadium, the ability to compete for friendly or underage football events, or rugby-related events, could be undermined.

12. *AFC will never create 400 new jobs will they?*

	Current 13083	Do nothing 8500	Do nothing (sensitivity) 10000	Kingsford 13476 updated	Kingsford (sensitivity) 15000
Onsite jobs via wages (direct employment)	291	189	222	300	334
Jobs created via AFC operational expenditure	96	67	78	99	110
Jobs created offsite by fans spending	139	98	115	143	159
New jobs created onsite	5	0	0	35	35
New jobs created offsite	17	0	0	123	123
Total equivalent jobs (after leakage and multiplier analysis)	547	353	416	700	761

347-408 new jobs are assumed to be created of which around half (178-223) are projected to be new onsite jobs. This is in comparison with a future Pittodrie with fewer jobs than currently employed at Pittodrie as crowds are projected to fall if AFC remain at Pittodrie.