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ADDITIONAL CIRCULATION



To: Councillor Flynn, Convener; Councillor Yuill, Vice Convener; and Councillors Cameron, Cooney, Crockett, Dickson, Donnelly, Jackie Dunbar, Graham, Greig, Lawrence, Malik, Jean Morrison MBE, Nathan Morrison, Reynolds, Samarai and Townson.

Town House,
ABERDEEN 22 September 2016

AUDIT, RISK AND SCRUTINY COMMITTEE

The undernoted items are circulated in connection with the meeting of the **AUDIT, RISK AND SCRUTINY COMMITTEE** to be held here in the Town House on **TUESDAY, 27 SEPTEMBER 2016 at 3.00 pm.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

- 4.4 ALEO Governance Hubs - Report by the Interim Director of Corporate Governance (Pages 3 - 88)

Should you require any further information about this agenda, please contact Karen Rennie, tel 01224 522723 or email karrennie@aberdeencity.gov.uk

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COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 September, 2016
DIRECTOR	Richard Ellis
TITLE OF REPORT	ALEO Governance Hub Minutes
REPORT NUMBER	CG/16/125
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

1.1 This report summarises the significant matters raised at the August 2016 round of Arm's Length External Organisation (ALEO) Governance Hub meetings.

2. RECOMMENDATION(S)

That the Committee:-

- (1) Considers the issues raised in both the report and minutes and identifies any areas of concern;
- (2) Notes the report and the appended minutes; and
- (3) Notes that specific covering reports will be prepared by the responsible Heads of Service and submitted to the appropriate service committees to consider ALEO service delivery and performance against agreed performance indicators and contract.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report although the role of the hub is to ensure that good governance and scrutiny of the Council's ALEOs provides an assurance that risks, including financial ones, are identified and managed.

4. OTHER IMPLICATIONS

4.1 By identifying possible risks to the Council, through scrutiny by appropriate Council managers, the hub provides assurance that the Council's exposure through services delivered by its ALEOs is managed appropriately.

5. BACKGROUND/MAIN ISSUES

5.1 The recent round of ALEO Governance Hub meetings was the second held on the new quarterly cycle. It involved the four main tier 1 ALEOs

(Aberdeen Exhibition and Conference Centre Ltd, Aberdeen Sports Village Ventures Ltd, Bon Accord Care Ltd and Sport Aberdeen) and the three main tier 2 ALEOs (Aberdeen Heat and Power Ltd, Aberdeen Performing Arts and Garthdee Alpine Sports). The timetable for the round of Hub meetings is attached as Appendix 1 to illustrate to members the process involved in selecting areas for scrutiny, identifying the appropriate documentation and involving relevant conveners and vice conveners in the pre agenda process.

5.2 When considering business to be discussed with ALEO representatives, the Hub members take account of best practice, legislative and regulatory change, internal and external audit reports, matters raised at previous hub meetings and external reports, reviews and consultations.

5.3 Each tier 1 ALEO meeting was attended by a representative of the Good Governance Institute as part of their work on risk management and assurance for the Governance Review.

5.4 Each hub agenda began with a discussion of the ALEO recommendations in the recent report by the Council's external auditors, Audit Scotland, approved at the previous meeting of this Committee on 29 June, 2016.

5.5 The following bullet points summarise the main issues arising from each of the December hub meetings, as detailed more fully in the appended minutes.

5.6 This report also includes, for the first time, an assurance by Hub officers on the performance of each tier 1 ALEO, and this is provided after each bullet point summary of the minutes. It was felt that to provide such assurances for tier 2 ALEOs was premature given that only two cycles have been held with these ALEOs and officers are still establishing which documentation is in place for each.

5.7 The format of minutes, and the amount of information contained therein, has been queried by some ALEOs and this will be taken forward as part of the Governance Review of the Hub operations. ALEOs will be invited to contribute to this.

Bon Accord Care – Appendix 2, 15 August, 2016

- New quality management system installed and revised audit tools approved by Board
- Meeting held, and workshop arranged, to discuss refreshing BAC's performance management framework ahead of revised SLA in 2018; new indicators would place greater emphasis on measuring outcomes rather than service outputs; these meetings replace the former working group
- Meeting scheduled with Council Procurement Services officer
- Risk Register updated to reflect possible implications of British exit from EU
- New software package introduced to better manage unplanned leave

- Expenditure higher than budgeted and efficiency targets not yet met but required to deliver balanced budget by Year End
- Discussion of three layers of health and safety training delivered
- Meeting held with Health and Social Care Partnership officers to align priorities of BAC and the Partnership and to discuss budget setting; these meetings to become regular
- BAC received Living Wage accreditation

Bon Accord Care - Assurance Summary

Risk – Bon Accord Care is moving in the right direction in this area; the risk register has been updated to reflect the outcome of the referendum on EU membership which shows that the company is horizon scanning in respect of its workforce, which is its highest risk area. This is very positive. Officers remain to be persuaded that the revised audit tools now being used evidence the correct level of impartiality and this will be considered further at the next meeting.

It was noted that the current contract does not require an internal audit function and this can be taken forward in the discussions which are presently underway on the contract review; however, the Council's internal auditor will undertake two specific audits for the IJB in the current year.

Finance – There remains a risk that Bon Accord Care may incur a trading loss as they have not yet achieved all of their efficiency saving targets for this financial year, but the Council takes some assurance from the fact that the Managing Director gave her assurance that the company will achieve balance by the year end. The Chief Finance Officer of the IJB is working with the Company to finalise financial figures for 2016/17 savings targets. In future the Hub officers require to see the full management accounts as presented to the BAC Board, including details of the full year budget and the forecast outturn, to give a more complete understanding of the financial governance arrangements within BAC and its overall financial position.

HR – The Council is working with BAC on HR support and is comfortable with routine matters. The main concern relates to the operation of City Home Helpers, but BAC is fully aware of its obligations. IJB officers acknowledge that this is a period of testing for this service and are not assured as to how realistic the cost of it is to the individual; ultimately, the benefit of the pilot project is yet to be proven.

Health and Safety – Bon Accord Care has many systems in place and the hub is now looking for more context around processes and procedures and actual figures for those trained. The company is moving away from using the Council's Health and Safety team for support (it has been the only ALEO using the team) as it now employs an officer to fulfil this role, although assurance is needed that the company is securing competent advice. This can be addressed in the contract review.

An officer from the Council's Health and Safety team will attend the quarterly Health and Safety meetings, which is very welcome. The hub acknowledges the concerted effort made by Bon Accord Care in health and safety and is interested to seek confirmation that there are no language barriers to the understanding of health and safety responsibilities and to understand how the health and safety culture ripples out and is monitored.

Service Performance – The Hub acknowledges that service performance is primarily a matter for service committees to scrutinise and restricts comments to a high level. Amongst the matters being discussed by IJB officers are the need for a locality based delivery model and the sharing of weekly data with the Delayed Discharge Group, staffing and support at sheltered and very sheltered housing complexes, and issues associated with service delivery at high risk centres and the closing out of identified actions.

The hub welcomes discussions which have begun on the revision of the contract and the need for more appropriate performance information and agreed that a new suite of indicators will assist both sides in ensuring that a balanced scorecard can be developed which will confirm that all requirements of the contract are being met.

Aberdeen Exhibition and Conference Centre Ltd – Appendix 3, 15 August, 2016

- Business Plan being prepared with Finance
- Revised financial forecast for AECC to be submitted to Board on 24 August
- Tender for operating new AECC submitted on time
- Annual audit of accounts completed by Anderson Brown; external audits commissioned of sustainability and health and safety
- Town hall meetings held to brief staff on future
- Oil and gas downturn impacting on AECC financial position but this covered by reserves at present; 2017 expected to be a stronger year given Offshore Europe event
- Banqueting sector business dropping but number of entertainment events increasing
- Discussion of workforce planning issues given downturn
- Annual health and safety review to be published in the autumn

Aberdeen Exhibition and Conference Centre Ltd - Assurance Summary

Risk – AECC is aware of the outcome of the referendum on UK membership of the EU but believe that it is a recruiter's market at the moment and so any lost skills could be replaced.

The hub welcomed the town hall briefings held to assure staff about the future but felt that there was no real awareness evidenced about the bright future which the existing workforce would have. In this respect, the service lead

undertook to arrange for a Council representative to speak to the workforce at a future meeting.

The hub also noted that the outputs of external assessments provided assurances about financial management etc and these were encouraging.

Finance – There is concern about the strength of the current balance sheet and the risk of possibly incurring further losses against current reserves. The company needs to recognise and respond to the risk around its financial position. However, the recent recruitment of a replacement accountant should strengthen the financial management of the organisation.

HR – The hub acknowledged the workforce planning was an issue and that short term contracts were being used. It was expected that, should a successful bidder be appointed in September, the new operator would become involved from October and an Economic, Technical and Organisational review would be undertaken on the needs of the new organisation.

Health and Safety – Whilst there was limited information presented at this meeting, it was encouraging to hear about the company was aware of the possible underreporting of incidents as this showed an awareness of the current environment. This should be picked up in the induction and training of new staff.

Whilst high level staff had Institution of Occupational Safety and Health training, this needed to be filtered down throughout the organisation.

Service Performance – The Service Level Agreement gives a breakdown of the market mix for AECC Ltd but what is needed is a comparison to show how actual bookings compare to expectations, with an explanation of how the company is combatting shortfalls.

As part of the tendering process for the operation of the new exhibition and conference centre, bidders would have received all historic information plus details of contracted events for the current and future years. This would show how the current downturn in the oil and gas industry had affected current and future bookings at AECC, although entertainment bookings were increasing.

Sport Aberdeen Ltd – Appendix 4, 16 August, 2016

- Civil contingency planning added to Business Continuity Plan and discussion of critical business functions
- Financial procedures and regulations and draft procurement strategy to be discussed at Corporate Governance Committee on 1 September
- Sport Aberdeen being integrated into Council's civil contingency planning framework

- Fire Risk Assessment Action Plan in line with industry standards; discussions on how incidents closed out
- Revised draft of Funding and Service Provision Agreement to be discussed at meeting with Council officials on 18 August
- Risk Register updated to reflect possible implications of British exit from EU
- Financial performance close to budget but affected by downturn in oil and gas industry; golf lower than forecast due to inclement weather, but sufficient working capital to address any issues
- Payroll, utilities and maintenance costs all stable
- 2017/18 budget process to begin in September
- New Business Plan being developed which would diversify SA activity and greater focus on partnership working eg Active Aberdeen Partnership, for which SA had lead agency role

Sport Aberdeen Ltd - Assurance Summary

Risk – Sport Aberdeen has a very sound approach to risk management, producing clear documents which are well set out. The company is taking the initiative about getting involved in civil contingency planning, which is to be welcomed.

Finance – Expenditure is in line with budget, with some areas having lower usage than expected but this is being managed with savings. A narrative is usually provided with budget information. Sport Aberdeen produces its own audited accounts which officers then incorporate into the Council's accounts.

Health and Safety – The company has systems in place for the management of health and safety and processes to close out incidents. Officers had no adverse comments on the information provided on fire risk assessments.

Service Performance – Hub members discussed whether the KPIs for Sport Aberdeen were the correct ones, and whether they should be measuring outcomes and attendance to a greater extent – it was noted that the new Service Level Agreement was based more on partnership working, and this would be followed up at the next meeting. It was also suggested that Sport Aberdeen's involvement in the Active Aberdeen Partnership may improve performance reporting.

Picking up on this, the service lead noted that the company should be more outcome focussed, noting that NHS Grampian was looking at obesity levels, activity levels, health referrals from GPs, etc and that work was needed to track health improvements in lifestyles.

In respect of the Sport Aberdeen strategic plan, the service lead suggested that this was not realistic as if the Council were to cut funding further, more facility closures may be necessary. He noted that a mix of strategically placed facilities and local facilities were needed and he emphasised in this regard

that Sport Aberdeen's strategic planning was very good. Specifically, they were the best placed of all ALEOs financially.

Aberdeen Sports Village Ventures Ltd – Appendix 5, 16 August, 2016

- Explanation of how ASV held to account by University of Aberdeen
- Query as to whether ALEOs aware of what Council expects of them – to be addressed as part of the Governance Review
- Update on position of interim Chair
- Working with University of Aberdeen on compliance with new procurement legislation
- Options appraisal to be prepared for Board on opportunities for Phase 3 development
- Financial procedures to be reviewed by Board in September following consultation with University
- In depth risk register to be developed, differentiating between corporate and operational risks
- On target to meet budget with surplus recorded; financial year mirrors that of University and ends in September
- Wide discussion of health and safety management matters
- New strategy being developed and revised performance management framework to be introduced to reflect refreshed strategic priorities

Aberdeen Sports Village Ventures Ltd - Assurance Summary

Risk – Aberdeen Sports Village knows what needs to do and gives the right answers. It needs to check the strength of its controls in future and give a higher risk to financial issues – the Hub is looking for confirmation that the company has identified key controls and can evidence their effectiveness; this can be done through a more detailed risk register or a separate document.

Finance – The company's financial performance against budget is good; there remains a risk of being affected by the economic downturn but this is being dealt with in an acceptable manner by management.

The university is looking to make the Sports Village as self sufficient as possible because of the current financial climate and it is likely that any reductions in funding by that partner would be reflected by the Council.

HR – There was a need to look further at workforce planning and this would be picked up at the next meeting.

Health and Safety – The Hub's health and safety lead is of the view that the Sports Village knows what it needs to do, it just needs to do it. A revised health and safety policy is required, an improvement plan with evidence of actions and a new management structure for health and safety.

Service Performance – The service lead had concerns about aspects of the performance information being provided, as whilst footfall had increased by 5%, there was little information about outcomes. It would be beneficial to link to the Active Aberdeen strategy and KPIs and monitor outcomes appropriately. In general terms, however, he was happy with the performance data provided.

The Sports Village was also facing further cuts in funding from its partners and needed to show that it could respond appropriately as an organisation.

Garthdee Alpine Sports – Appendix 6, 22 August 2016

- Working being undertaken on developing a formal Business Continuity Plan
- Looking to diversify customer base by introducing new activities
- Awareness of risks to business of competing facilities
- Small loss against budget in quarter 1, but as this is off season, repairs and maintenance undertaken which increased operating costs
- Aspiration to open café on site
- Audited annual accounts to be finalised in September and submitted to Board thereafter
- Discussion of how new strategic plan addressed objectives of draft Sport and Physical Activity Strategy
- Disability in Sport criteria embedded in new strategic plan
- Role and function in Active Aberdeen Strategic Forum explained
- Plans for relocating to a new site paused given current uncertainty to core funding levels, downturn in oil and gas industry and possible impact of AWPR, but new site needed to allow diversification and reducing reliance on Council funding
- Industry specific health and safety guidance being developed

Aberdeen Performing Arts – Appendix 7, 22 August, 2016

- Key elements of a Business Continuity Plan in place, work underway to consolidate this into one document, and to be discussed at forthcoming Board Development Day
- Independent consultants appointed to undertake internal audit function on a project by project basis, external validation summarised
- Succession plan satisfactory, discussion of impact of Music Hall closure
- Explanation of how health and safety investigations undertaken
- Risk Register updated to reflect possible implications of British exit from EU, APA doesn't rely on EU funding though eligible for culture funding
- Managers working to deliver balanced budget by Year End, annual accounts to be signed off by Board in September

- Closure of Music Hall provided opportunity for APA to branch out across city
- Involvement in festivals collective provided access to new networks and integrated APA into shared marketing strategy for the city
- APA Business Plan involved wide ranging consultation and aligned with wider city objectives
- Creative Scotland funding may be affected by referendum vote outcome

Aberdeen Heat and Power Ltd – Appendix 8, 22 August, 2016

- Business Continuity Plan now to be reviewed at least annually
- No independent internal audit service given low number of staff but external support commissioned to support recruitment and develop bad debt procedure
- HR processes updated following meeting with Council's HR Manager
- Met Council health and safety adviser to review documentation and compliance levels
- Discussion of how health and safety issues resolved
- Discussion to be held with Council staff on pipeline markers
- Good financial performance hampered by unseasonably warm winter; also, delay to Tillydrone project
- Gas supply secured to 2019 which would support more stable gas unit price and budgeting
- Annual accounts approved by Board, to be submitted to October hub meeting
- Board development day scheduled for late September, to review five year plan and discuss strategic challenges
- Discussion around DEAL, AHP's commercial subsidiary
- Discussion of workforce planning and issues arising from only having two full time employees.

6. IMPACT

Improving Customer Experience –

6.1 The report summarises recent discussions at the Governance Hub, which are explained in greater detail in the appended minutes. By providing an assurance to the Council that high level scrutiny of ALEO performance is undertaken in such a way as to mitigate risks, the monitoring of service provision can ensure that service delivery meets targets and performance indicators. Service delivery and performance will be scrutinised by operational service staff in each case.

Improving Staff Experience –

6.2 The manner in which the Hub operates allows senior managers to scrutinise high level service delivery within the areas of their own expertise, which will increase the confidence of officers in addressing the more detailed operational aspects of provision against contract for each ALEO.

Improving our use of Resources –

6.3 The Council establishes ALEOs to improve its use of resources and so having an efficient and effective high level monitoring process in place provides assurance that the ALEOs funded with public money are operating appropriately and delivering in terms of contract, thereby providing value for money.

Corporate –

6.4 The Governance Hub helps meet the Smarter Aberdeen priority of openness through public reporting of the high level monitoring of the operation of the Council's ALEOs, which in turn supports the priorities of public access to sport and leisure facilities. ALEOs are required in terms in contract to deliver against the Single Outcome Agreement and KPIs for service delivery are monitored by each service individually.

Public –

6.5 Although there are no direct recommendations arising from this report, there is likely to be public interest in the scrutiny of the performance of ALEOs against contract, particularly in view of ongoing questions about a perceived reduction in public access to facilities compared to hours for schools and clubs, the availability of particular services and their costs and ongoing budgetary concerns for each ALEO.

7. MANAGEMENT OF RISK

7.1 The Governance Hub has been established to provide the Council with an assurance that the risks associated with each ALEO are being monitored and scrutinised at a high level, and that any identified are addressed by each service through its own Risk Register.

8. BACKGROUND PAPERS

8.1 There are none other than those specified in each minute in the Appendices.

9. REPORT AUTHOR DETAILS

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ALEO Governance Schedule: August Cycle 2016

4 July 2016 – ALEO Hub Officers Pre Meeting (to determine areas of scrutiny and documents required to provide assurance to the Council)

13 July 2016 – Clerk emails ALEOs to request agenda documentation and to outline areas of scrutiny at the Hub's next meeting

28 July 2016 – Deadline for ALEOs to return requested documentation to the Clerk

4 August 2016 – Clerk compiles and cascades agendas

8 August 2016–Conveners and Vice Conveners Pre Meeting

15 August 2016 Governance Hub Meetings:

Governance Hub Meeting 1: 9am-10:30am

Governance Hub Meeting 2: 11am-12:30pm

16 August 2016 Governance Hub Meetings:

Governance Hub Meeting 3: 9am-10:30am

Governance Hub Meeting 4: 11am-12:30pm

22 August 2016 Governance Hub Meetings:

Governance Hub Meeting 5: 11am-12:30pm

Governance Hub Meeting 6: 1:30pm – 3pm

Governance Hub Meeting 7: 3:15pm-4:45pm

16 September 2016 – Report deadline for Audit, Risk and Scrutiny Committee

27 September 2016 – Date of the Audit, Risk and Scrutiny Committee

25 October 2016 – Date of IJB Audit and Performance Systems Committee

1 November 2016 - Date of the Communities, Housing and Infrastructure Committee

17 November 2016 - Date of the Education and Children's Services Committee

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**ALEO GOVERNANCE HUB
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ABERDEEN, 15 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Health, Safety and Wellbeing), Neil Buck (CG Business Team), Jeff Capstick and Keith Tennant (Human Resources and Customer Service), Paul Dixon (Finance), Alex Stephen (Aberdeen City Health and Social Care Partnership (ACHSCP)), Sarah Ward (Commercial and Procurement Services) and Sally Wilkins (ACHSCP); and Sandra Ross (Managing Director, Bon Accord Care (BAC)).

Also in attendance: Iain Robertson (Clerk), Mark Johnstone (Audit Scotland) and Hilary Merrett (Good Governance Institute).

Apologies: Joan McCluskey (Commercial and Procurement Services) and Alistair MacLean (Finance Director, BAC)

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic Services) opened the meeting and welcomed Sandra Ross (Managing Director, Bon Accord Care (BAC)) and introduced Hilary Merrett from the Good Governance Institute (GGI) who would be supporting the Council's review of its approach towards risk management during the ongoing governance review. Ms Merrett advised that this work would touch upon the governance arrangements in place between the Council and its ALEOs.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27 June 2016.	The Chair advised that the External Audit Annual Report had been presented to the Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal controls. He added that the Council's	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to note the information provided.	R MacBeath

			<p>relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review. He added that this review would be supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the GGI.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p> <p>With reference to recommendation 3, the</p>		
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			<p>Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p> <p>Thereafter the Chair enquired if Bon Accord Care had met with the Council's Director of Corporate Governance since the previous Hub meeting and Sandra Ross confirmed that such a meeting had taken place and explained that these meetings may be scheduled on a more regular basis.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting-9 May 2016.	With reference to item 2 (iii) (Internal Audit Report on ALEO Governance), the Chair explained that Internal Audit colleagues had confirmed they had not consulted	<p><u>The Hub resolved:-</u></p> <p>(i) to approve the minute as a correct record;</p> <p>(ii) to note the</p>	I Robertson

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			<p>BAC before submitting their report on ALEO Governance to the Audit, Risk and Scrutiny Committee on 9 March 2016 as their client was the Council and they had focussed their scrutiny on the arrangements the Council had put in place with its ALEOs. The Chair noted that Internal Audit felt there were no inaccuracies in their report with regards to BAC. Sandra Ross highlighted a number of errors and discrepancies in the report and asked if the consultation process would be addressed in the future. The Chair explained that her concerns with regards to the consultation process would be incorporated into the Council's ongoing governance review.</p> <p>The Chair noted that all other relevant items and actions had been included in today's Improvement Plan.</p>	<p>(iii) information provided; and to request that BAC's concerns about the consultation and reporting processes as it relates to ALEOs be incorporated into the Council's ongoing Governance Review.</p>	R MacBeath
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan	<p>(a) BAC's Improvement Plan as at 15 August 2016;</p> <p>(b) Internal Audit Scores; and</p> <p>(c) Health and Safety Audit Scores.</p>	<p>With regards to item 1 (Internal Audit Arrangements), Sandra Ross advised that a new quality management system had been installed and the revised audit tools had been approved by the Board on 6 May 2016;</p> <p>With regards to item 2 (Compliance with Procurement Reform Act), Ms Ross noted that a meeting had been scheduled with colleagues from Commercial and</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan;</p> <p>(ii) to note the reports;</p> <p>(iii) to note the information provided;</p> <p>(iv) to request information on the service audit process and the revised audit tools as outlined in BAC's</p>	I Robertson

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			<p>Procurement Services for later this week;</p> <p>With regards to item 3 (Health and Safety Arrangements), the Chair advised that this item was on today's agenda under item 6;</p> <p>With regards to item 4 (Service Performance Working Group), Ms Ross confirmed that she had met with senior managers from the ACHSCP on 3 August 2016 and a further workshop had been scheduled to discuss the refresh of BAC's performance management framework ahead of the revised Service Level Agreement (SLA) in 2018; and</p> <p>With regards to item 5 (Leasing Arrangements), Ms Ross informed the Hub that no progress had been made since the previous meeting with regards to the lease at Hillylands Independent Living Centre and the Chair advised that he would raise this issue with the Council's Head of Land and Property Assets.</p>	(v) Risk Register; and to request that the Chair raise the leasing arrangements at Hillylands Independent Living Centre with the Council's Head of Land and Property Assets.	R MacBeath
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	BAC's Risk Register.	Neil Buck (CG Business Team) noted that BAC had added the British exit from the European Union as a risk in their register and he enquired if they had a significant number of EU workers and if this would have an impact on their staff support pool. Sandra Ross advised that the support pool was mainly used to cover planned annual	<p><u>The Hub resolved:-</u></p> <p>(i) to note the register; and</p> <p>(ii) to note the information provided.</p>	N Buck

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			<p>leave, not an unplanned absence. She added they had installed a new software package as a management tool which had increased their capacity to manage unplanned leave as the system was less labour intensive.</p> <p>Mr Buck noted this response and advised that the addition of the British exit from the European Union as a risk in their register demonstrated that they reviewed their register on a regular basis and treated it as a dynamic and living document.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Management Trading Accounts	BAC's Management Accounts as at 30 June 2016.	Paul Dixon (Finance) noted that BAC's level of expenditure was higher than their budgeted position for the first three months of 2016-17 and asked why this had been the case. Sandra Ross explained they had not met their efficiency targets so far this year but noted they had received additional income through their support pool and City Home Helpers programme. Ms Ross informed the Hub that under their SLA BAC were required to deliver a balanced budget and they would strive do so by Year End.	<p><u>The Hub resolved:-</u></p> <p>(i) to note the accounts;</p> <p>(ii) to note the information provided; and</p> <p>(iii) to request the full set of trading accounts which had been presented to the BAC Board.</p>	P Dixon
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Health and Safety Training Arrangements	<p>(a) Health and Safety Performance – July 2016;</p> <p>(b) Learning and Development Policy – February 2016;</p>	Mary Agnew (Health, Safety and Wellbeing) asked for an overview of BAC's health and safety training arrangements. Sandra Ross advised that their learning	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports;</p> <p>(ii) to note the information provided;</p>	M Agnew

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		<p>(c) Learning and Development Process;</p> <p>(d) Scottish Vocational Qualifications (SVQ) Centre Process – February 2016; and</p> <p>(e) Supervision and Performance Review – February 2016.</p>	<p>and development prospectus outlined a broad range of training opportunities and these were delivered on three levels:</p> <p>Generic Level : All staff were required to undertake this training and this included a robust introductory health and safety module;</p> <p>Specialist Level: Training was delivered to staff on a job specific basis; and</p> <p>Management Level: Training was provided to managers and senior staff who had additional duties and responsibilities.</p> <p>Ms Ross explained that courses were delivered through their e-learning system though a number of courses including manual handling were delivered on a practical basis. She informed the Hub that each module included a learning outcomes assessment at the end of the session to test the trainee's knowledge and how this would modify their future practice.</p> <p>Ms Agnew asked Ms Ross to provide a summary of BAC's health and safety audit scores. Ms Ross advised that audit scores had improved significantly in recent years and they were tested twice a year. She explained it was the responsibility of line managers to address low performance in</p>	<p>(iii) to request an outline of the modules and learning outcomes covered in the introductory health and safety course;</p> <p>(iv) to request that BAC's health and safety action plan be presented to the Hub at its next meeting on 14 October 2016;</p> <p>(v) to request information on the number of staff who had undertaken health and safety training in the previous six months; and</p> <p>(vi) to request that BAC meet with the Council's Health, Safety and Wellbeing Manager to discuss health and safety performance reporting with regards to care homes.</p>	
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			their areas and to monitor areas of concern in their management action plans.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Service Performance	N/A	<p>The Chair informed the Hub that BAC's SLA would need to be reviewed in 2018 and asked for an update on plans to revise the contract. Sally Wilkins (ACHSCP) advised that she received performance information weekly and KPI data monthly but explained a number of KPIs were no longer fit for purpose and a workshop had been scheduled for 26 September 2016 to review the performance management framework and to develop new indicators that could effectively monitor performance and shape service planning. She added that these refreshed indicators would place a greater emphasis on measuring outcomes rather than service outputs, and that that this process had replaced the Performance Review Working Group.</p> <p>Alex Stephen (ACHSCP) highlighted that he and the Chief Officer for the ACHSCP and had met Sandra Ross recently to align BAC and the Partnership's priorities and to consult on the budget setting process. Mr Stephen advised that multiple meetings would be arranged between the two bodies to strengthen the Partnership's relationship with BAC.</p> <p>Jeff Capstick noted that BAC had received</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to note the information provided; (ii) to recognise that BAC had attained Living Wage accreditation; and (iii) to request an update on the development of a refreshed performance management framework at the Hub's next meeting on 14 October 2016. 	S Wilkins

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			Living Wage accreditation and welcomed this on behalf of the Council.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	Closing Remarks	N/A	The Chair thanked Sandra Ross for her attendance and contributions and brought the meeting to a close.	<u>The Hub resolved:-</u> To thank Sandra Ross for her attendance and contributions at today's meeting.	N/A

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

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APPENDIX 3

ABERDEEN, 16 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Health, Safety and Wellbeing), Neil Buck (CG Business Team), Jeff Capstick and Keith Tennent (Human Resources and Customer Service), Paul Dixon (Finance) and Scott Ramsay (Economic Development); and Graeme Cumming, interim Managing Director/Finance Director (Aberdeen Exhibition and Conference Centre Ltd (AECC)).

Also in attendance: Iain Robertson (Clerk), Mark Johnstone (Audit Scotland) and Hilary Merrett (Good Governance Institute).

Apologies: Joan McCluskey (Commercial and Procurement Services).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic services) opened the meeting and welcomed Graeme Cumming (interim Managing Director/Finance Director, AECC). He then introduced Hilary Merrett from the Good Governance Institute (GGI) who would be supporting the Council's review of its approach towards risk management during the ongoing governance review. Ms Merrett advised that this work would touch upon the governance arrangements in place between the Council and its ALEOs.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27 June 2016.	The Chair advised that the External Audit Annual Report had been presented to the Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal controls. He added that the Council's	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to note the information provided.	R MacBeath

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			<p>relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review. He added that this review would be supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the GGI.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p> <p>With reference to recommendation 3, the</p>		
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**ALEO GOVERNANCE HUB
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			<p>Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting - 9 May 2016.	<p>With reference to item 1(ii) Graeme Cumming advised that the ALEO forum had not met since the previous Hub meeting and explained that all tier 1 ALEOs had met with the Council's Director of Corporate Governance and it was his impression that these meetings would be scheduled on a regular basis and he noted that this engagement had overtaken the ALEO forum process;</p> <p>The Chair noted that all other relevant items and actions had been included in</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to approve the minute as a correct record; and</p> <p>(ii) to note the information provided.</p>	I Robertson

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			today's Improvement Plan.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan	AECC's Improvement Plan as at 15 August 2016;	<p>With regards to item 1 (Procurement Reform Act), Graeme Cumming advised that it would be prudent to postpone a meeting with Commercial and Procurement Services until the tender process for the new venue's operator had concluded;</p> <p>With regards to item 2 (Business Plan), Mr Cumming explained that the business plan was being developed by the Finance Department and they had recently recruited a chartered accountant on a fixed term contract to support this process and to undertake a review of their financial procedures. Mr Cummings explained that a revised financial forecast would be presented to the Board on 24 August 2016;</p> <p>With regards to item 3 (Tender Sub-Group), Mr Cumming informed the Hub that the AECC Board had delegated authority to the Tender Sub-Group (TSG) to avoid conflicts of interest with the Board members who were also City Councillors. He explained that the TSG had met regularly with the last meeting held on 6 August 2016 wherein the detailed tender had been approved and submitted to the Council on 8 August 2016.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan;</p> <p>(ii) to note the information provided;</p> <p>(iii) to request that the Hub be provided with the Financial Report that would be presented to the AECC Board at its meeting on 24 August 2016;</p> <p>(iv) to request that the Hub be provided with AECC's annual audited accounts for 2015-16 and other such reports for areas of the business that had been externally audited; and</p> <p>(v) to note that AECC's tender proposal would be presented to the Finance, Policy and Resources Committee on 20 September 2016 for decision.</p>	I Robertson

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			<p>Mr Cumming noted that AECC awaited a decision on whether it would advance to the next round of the procurement process; and if they were to go through then further TSG meetings would be scheduled to govern this next phase. Scott Ramsay (Economic Development) confirmed that it was still the Council's intention to submit the tender proposals to the Finance, Policy and Resources Committee meeting on 20 September 2016 for decision; and</p> <p>With regards to item 4 (Internal Audit), Mr Cumming advised that AECC had no independent internal audit arrangements in place as they were a small organisation which processed a low number of transactions. He highlighted that Anderson Anderson Brown had conducted an annual audit of their accounts and other external organisations had been commissioned to audit their sustainability and health and safety arrangements. He also noted that they had attained Investors in People accreditation through external validation.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	AECC's Risk Register as at 4 May 2016.	Neil Buck (CG Business Team) noted that AECC's risk register had identified low staff morale due to the uncertainty of the tendering process as a risk and he asked what measures they had put in place to	<p><u>The Hub resolved:-</u></p> <p>(i) to note the register;</p> <p>(ii) to note the information provided; and</p>	N Buck

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			<p>manage and mitigate this risk. Graeme Cumming advised that senior managers had held town hall briefings with staff and explained that all staff worked out of a single open planned office so they were a close knit team and managers shared as much information as they could to offer reassurance. In addition Mr Cumming cited that staff morale was also impacted by the downturn in the oil and gas industry as partners of staff had been affected by this, as well the recent EU Referendum result as AECC had a small number of permanent staff who were EU nationals and there were a number of others who had EU partners.</p> <p>Mary Agnew (Health, Safety and Wellbeing) enquired if AECC provided any counselling to their staff. Mr Cumming responded that they did not provide counselling but staff had access to support staff if they suffered from stress or depression and he explained they closely monitored sickness rates and absenteeism to determine if trends had been developing and whether staff required further support. He added that the Board would be reviewing these procedures in October 2016. Ms Agnew noted the response and explained that the City Chaplain offered a counselling service and she would be grateful if Mr Cumming could make his staff aware of this service. Mr Cumming</p>	<p>(iii) to request that AECC make staff aware of the City Chaplain's counselling service.</p>	
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			replied that he would be happy to do this.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Annual Budget 2016-17	Executive Summary of AECC's Annual Budget 2016-17 from the meeting of the AECC Board on 9 March 2016.	<p>Paul Dixon (Finance) noted that AECC had a deficit this year as well as a negative reserves position and he asked how this position was being managed. Graeme Cumming noted that the accounts were positive given the value of the preference shares on top of the balance sheet. He then advised that cash receipts in the conferencing and entertainment sectors were received significantly in advance of an event and therefore funds could be pulled forward to mitigate the negative reserves position. As an example of this he highlighted that they expected to receive Offshore Europe receipts in January 2017 ahead of the conference in September 2017. Mr Cumming explained that there was no risk of bad debt being accrued as promoters who had not released their payment upfront would not be permitted to use the facilities. He noted their turnover target would not be achieved due to the slowdown in the oil and gas industry which had had a detrimental impact on conferencing and banqueting sectors.</p> <p>Mr Dixon enquired if the Council would be required to meet any potential budgetary shortfall. Mr Cumming informed the Hub that he hadn't considered this as an option</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the accounts; and</p> <p>(ii) to note the information provided.</p>	P Dixon

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			but expected 2017 to be a significantly stronger year than 2016, and from 2019 onwards the new venue with its increased capacity and facilities would open up greater opportunities for revenue generation.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Service Performance	N/A	<p>Scott Ramsay asked Graeme Cumming for an overview of service performance over the previous quarter. Mr Cumming informed the Hub that business had seen a sharp fall in revenue in comparison to the previous financial year and they were looking at all aspects of their cost base in order to maximise potential revenue. He explained that the sales team had been given greater flexibility to secure events if the option was financially viable in order to generate activity. He highlighted that the banqueting sector was indicative of the drop in activity as the number facilitated by AECC had more than halved in comparison to the previous financial year largely due to the downturn in the oil and gas industry. He also advised that the existing facility required significant investment but recognised that this would not be done as the new venue was due to open in 2019.</p> <p>Mr Ramsay noted that staff morale was low and enquired if AECC had lost staff and what their approach was with regards</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the information provided;</p> <p>(ii) to note that senior managers from the Council would be available to speak to AECC staff and address their concerns with regards to the tendering process; and</p> <p>(iii) to request that AECC's Annual Health and Safety Review and Action Plan be provided to the Council's Health, Safety and Wellbeing Manager.</p>	S Ramsay

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			<p>to workforce planning. Mr Cumming advised that to date they had not lost too many staff due to the softness of the general Aberdeen job market but explained that the uncertainty caused by the ongoing tendering process was the primary reason for low morale. He added that difficult workforce decisions lay ahead as it was his view that that an upswing in activity and revenue was unlikely in the short term. He noted that under the Service Level Agreement AECC were required to consult with the Council if a major reduction in headcount was being considered. Mr Ramsay advised that senior managers from the Council would be happy to speak to AECC staff and address the uncertainty and concerns they had about the process.</p> <p>Mary Agnew enquired about the annual health and safety review and Mr Cumming responded that this would be published in the autumn. Ms Agnew asked if this could be sent to her, together with any improvement or action plans which would explain how issues were closed out.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Closing Remarks	N/A	The Chair thanked Mr Cumming for his attendance and contributions and brought the meeting to a close.	<p><u>The Hub resolved:-</u> To thank Graeme Cumming for his attendance and contributions at today's meeting.</p>	N/A

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APPENDIX 4

ABERDEEN, 16 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Health, Safety and Wellbeing), Neil Buck (CG Business Team), Euan Couperwhite (Policy, Performance and Resources) and Paul Dixon (Finance), and Jo Bell (Director of Sport and Active Lifestyles), Jill Franks (Business Development Director), Donald Mackie (Finance and Resources Manager) and Alistair Robertson (Managing Director) (Sport Aberdeen (SA)).

Also in attendance: Iain Robertson (Clerk), Mark Johnstone (Audit Scotland) and Hilary Merrett (Good Governance Institute).

Apologies: Jeff Capstick (Human Resources and Customer Service) and Joan McCluskey (Commercial and Procurement Services).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic Services) opened the meeting and welcomed representatives from Sport Aberdeen (SA) and introduced Hilary Merrett from the Good Governance Institute (GGI) who would be supporting the Council's review of its approach towards risk management during the ongoing governance review. Ms Merrett advised that this work would touch upon the governance arrangements in place between the Council and its ALEOs.	<u>The Hub resolved:-</u> To note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27 June 2016.	The Chair advised that the External Audit Annual Report had been presented to the Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal controls. He added that the Council's	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to note the information provided.	R MacBeath

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			<p>relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review. He added that this review would be supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the GGI.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p> <p>With reference to recommendation 3, the</p>		
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APPENDIX 4

			<p>Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p> <p>Thereafter the Chair enquired if Sport Aberdeen had met with the Council's Director of Corporate Governance since the previous Hub meeting and Jill Franks (Business Development Director, SA) confirmed that such a meeting had taken place and all tier 1 ALEOs were represented, she explained that these meetings may be scheduled on a more regular basis. The Chair suggested that it might be worthwhile to raise the possibility of joint procurement or ALEOs sharing services at the next meeting.</p>		
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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting-9 May 2016.	<p>The Chair referred to item 3(iii) and advised that at its meeting on 27 June 2016 the Audit, Risk and Scrutiny Committee had instructed the Head of Human Resources and Customer Service to investigate the possibility of sourcing joint training for ALEO board members.</p> <p>The Chair noted that all other relevant items and actions had been included in today's Improvement Plan.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to approve the minute as a correct record; and</p> <p>(ii) to note the information provided.</p>	I Robertson
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan	<p>(a) SA's Improvement Plan as at 16 August 2016;</p> <p>(b) Business Continuity Plan;</p> <p>(c) Fire Risk Assessments – 21 December 2015, 22 December 2015 and 17 May 2016; and</p> <p>(d) Sport Aberdeen Contract Revision Minute – 17 May 2016.</p>	<p>With regards to item 1 (Business Continuity Plan), Neil Buck (CG Business Team) advised that the plan was comprehensive and explained that he was pleased to see the addition of civil contingency planning. Mr Buck noted that neither a loss of financial resource capacity nor insurances had been assigned as a critical business function and he asked why this was the case. Jill Franks explained that SA had used the Council's business continuity template and considered the loss of financial functions as not on the same level as a death or serious injury to a staff member or service user, as per the criteria against which business continuity impacts. Ms Franks also highlighted that SA had contingency arrangements in place which helped mitigate against loss of financial functions</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan;</p> <p>(ii) to note the reports; and</p> <p>(iii) to note the information provided.</p>	I Robertson

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			<p>eg remote access to financial systems;</p> <p>With regards to item 2 (Procurement Reform Act), the Hub was informed that SA had met with Joan McCluskey (Commercial and Procurement Services) in March 2016 and their financial procedures and regulations were being reviewed and would be considered at the Corporate Governance Committee on 1 September 2016 together with a draft procurement strategy;</p> <p>With regards to item 3 (Civil Contingency Planning), Euan Couperwhite explained that discussions were ongoing with the Council's Emergency Planning Manager to integrate SA into the city's civil contingency planning framework;</p> <p>With regards to item 4 (Fire Risk Assessment), Mary Agnew (Health, Safety and Wellbeing), advised that the Action Plan was in line with industry standards and asked how identified actions were closed out. Jill Franks explained that actions were added to the venue's improvement plan and the actions were then considered at the monthly Operations Team meeting and then escalated to the quarterly Health and Safety Committee;</p> <p>With regards to item 5 (Occupational Health Service), Jill Franks explained that</p>		
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APPENDIX 4

			<p>SA currently use GO Health Services through NHS Grampian but would review this position in early 2017 after the assessment of the framework agreement on Public Contracts Scotland; and</p> <p>With regards to item 6 (Revisions to SA's Funding and Service Provision Agreement), Euan Couperwhite (Policy, Performance and Resources) advised that a meeting would take place between the Council and SA on 18 August 2016 to agree a final draft which would be presented to the Finance, Policy and Resources Committee for approval.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	SA's Risk Register as at 26 July 2016.	<p>Neil Buck noted that Sport Aberdeen had added the British exit from the European Union as a risk in their register and he enquired what impact this would have on the business. Jill Franks advised that they employed a low number of EU workers and a number of external funders and partners may also be affected but explained that they would keep this risk under review. Mr Buck noted this response and advised that the addition of the British exit from the European Union as a risk in their register demonstrated that they reviewed their register on a regular basis and treated it as a dynamic and living document.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the register; and</p> <p>(ii) to note the information provided.</p>	N Buck

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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Management Trading Accounts	SA's Management Accounts as at 30 June 2016.	<p>Paul Dixon (Finance) asked for a summary of SA's financial performance in the year to date and what position they would be forecasting for Year End. Donald Mackie (Finance and Resources Manager, SA) advised that performance was close to budget but business had been impacted by the slowdown in the wider Aberdeen economy. He highlighted that golf performance had been weaker than forecast due to inclement weather though he noted that SA had sufficient working capital.</p> <p>With regards to the position at Year End, Mr Mackie explained that payroll costs which comprised 60% of overall costs were stable as were utilities and maintenance costs and he informed the Hub that there were no areas of major concern for the business. He highlighted that the 2017-18 budget process would commence next month and Euan Couperwhite added that the Council would engage with ALEOs much earlier in the budget planning process to provide ALEOs with an indicative level of funding and allow them to set their strategic priorities.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the accounts; and</p> <p>(ii) to note the information provided.</p>	P Dixon
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Service Performance	(a) Q1 2016-17 Performance Report;	Euan Couperwhite asked SA's representatives to provide an overview of	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports;</p>	E Couperwhite

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		<p>(b) KPI Report;</p> <p>(c) Active Schools – Term 3 2015-16 Report; and</p> <p>(d) Active Schools – 2015-16 Full Report.</p>	<p>service performance from the previous quarter. Alistair Robertson informed the Hub that a new Business Plan was being developed which would diversify the scope of SA's activity by introducing new areas of service delivery with new outcomes. Mr Robertson advised that the draft Sports Facilities Strategy 2016 – 2016 was out for consultation following its consideration at the Finance, Policy and Resources Committee. He explained that it focused on the provision of community leisure resources and the need to develop an infrastructure that was fit for the 21st century. He added the company understood that it would need to depend less on Council grant support and would change the way it operated.</p> <p>Mr Robertson informed the Hub that the new company Business Plan would have a greater focus on cross fertilisation and partnership working and he highlighted the establishment of the Active Aberdeen Partnership (AAP) as an example of this. He advised that SA was the lead agency and provided administrative support for AAP which had been formed as a means of bringing sport, health and leisure organisations closer together into a cohesive Board with a shared approach to improve health and physical activity outcomes in Aberdeen City . He added that the existing AAP had been key in</p>	<p>(ii) and to note the information provided.</p>	
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			attracting a national gymnastics event to the AECC in 2017. He added that an AAP website was being developed and they had begun the recruitment process to appoint the Chairperson of the AAP Board. Mr Robertson also explained that SA hoped to promote the Activate City Campaign later in 2016.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Closing Remarks	N/A	The Chair thanked the representatives from Sport Aberdeen for their attendance and contributions and brought the meeting to a close.	<u>The Hub resolved:-</u> To thank the representatives of SA for their attendance and contributions at today's meeting.	N/A

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

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**ALEO GOVERNANCE HUB
ABERDEEN SPORTS VILLAGE VENTURES LTD
16 AUGUST 2016**

APPENDIX 5

ABERDEEN, 16 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Health, Safety and Wellbeing), Neil Buck (CG Business Team), Euan Couperwhite (Policy, Performance and Resources), Paul Dixon (Finance) and Keith Tennant (Human Resources and Customer Service); and Gordon Davidson (Head of Finance & Corporate Services), Jan Griffiths (Sports Development Manager), Ludwik Metelski (Head of Operations) and Duncan Sinclair (Chief Executive) (Aberdeen Sports Village Ventures Ltd (ASV)).

Also in attendance: Iain Robertson (Clerk), Mark Johnstone (Audit Scotland) and Hilary Merrett (Good Governance Institute).

Apologies: Joan McCluskey (Commercial and Procurement Services).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic Services) opened the meeting and welcomed representatives from Aberdeen Sports Village (ASV) and introduced Hilary Merrett from the Good Governance Institute (GGI) who would be supporting the Council's review of its approach towards risk management during the ongoing governance review. Ms Merrett advised that this work would touch upon the governance arrangements in place between the Council and its ALEOs.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27 June 2016.	The Chair advised that the External Audit Annual Report had been presented to the Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal	<u>The Hub resolved:-</u> (i) to note the report; (ii) to note the information provided; and	R MacBeath

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			<p>controls. He added that the Council's relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review. He added that this review would be supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the GGI.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p>	<p>(iii) to refer to the Governance Review the suggestion that the Council set out clearly what it expected of its ALEOs.</p>	
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			<p>With reference to recommendation 3, the Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p> <p>Thereafter the Chair enquired if ASV had met with the Council's Director of Corporate Governance since the previous Hub meeting and Duncan Sinclair (Chief Executive, ASV) confirmed that he had attended this meeting.</p> <p>The Chair asked how ASV were scrutinised by the University of Aberdeen. Mr Sinclair advised that they were held to account at the Joint Partnership Meetings and highlighted that there were four representatives from the University on the</p>		
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			ASV Board. Mr Sinclair queried whether ALEOs were aware of what the Council expected of them and the Chair explained that this would be addressed as part of the Council's governance review.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting-10 May 2016.	<p>With reference to item 3(iii) (ASV exposure on ACC website), the Chair confirmed that he had raised this issue with colleagues from the Council's Communication and Promotion team and Mr Sinclair explained that a number of events at ASV would benefit from promotion on the Council's website. The Chair replied that the Council's website was being redesigned and a more co-ordinated approach to the promotion of partners was intended for the future.</p> <p>With reference to item 5(iii) (ASV Board composition), Duncan Sinclair explained that Professor Mike Greaves was still the interim Chair of the Board and this arrangement would remain in effect for the next six months.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to approve the minute as a correct record; and</p> <p>(ii) to note the information provided.</p>	I Robertson
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan	ASV's Improvement Plan as at 16 August 2016;	With regards to item 1 (Business Continuity Plan), Duncan Sinclair advised that it was their intention to merge their Critical Incident and Business Continuity	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan; and</p>	I Robertson

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			<p>Plans but no significant progress had been made since the previous meeting;</p> <p>With regards to item 2 (Compliance with Procurement Reform Act), Gordon Davidson (Head of Finance & Corporate Services, ASV), explained they had been working with the University of Aberdeen on compliance with the legislation and highlighted they would be meeting with colleagues from the University on 18 August 2016 to discuss the development of their Contracts Register;</p> <p>With regards to item 3 (Phase 3 Development), Mr Sinclair confirmed that the Phase 3 development had been paused due to funding issues and it was their intention to draft an options appraisal to outline opportunities available to the Board;</p> <p>With regards to item 4 (Review of Financial Procedures), Mr Davidson confirmed that their financial procedures would be reviewed by the Board in September 2016 to reflect changes enacted by the Procurement Reform Act and this would take place after consultation with colleagues from the University; and</p> <p>With regards to item 5 (Health and Safety Compliance), the Chair informed the Hub</p>	(ii) to note the information provided.	
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			that this item was on today's agenda under item 6.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	ASV's Risk Register as at April 2016.	<p>Neil Buck (CG Business Team) noted that most of the risks in their register had been assigned a low rating and asked if ASV had developed a more detailed document which outlined their approach towards managing critical incidents. Duncan Sinclair advised that they recognised the need for a more in-depth risk register which would align with best practice. He informed the Hub that the Head of Finance and Corporate Services would be tasked with developing this, as well as drafting two sets of registers that differentiated between corporate and operational risks. Gordon Davidson highlighted that securing appropriate insurance would help to mitigate risk and noted that he would be meeting with prospective insurers on 19 August 2016. Mr Davidson advised that the review of ASV's risk management framework would look at ways to broaden and sharpen the scope of their approach towards risk management through consolidation of controls and procedures within their overall framework.</p> <p>Mr Buck emphasised that ongoing monitoring of the risk register was essential and he enquired if the outcome of the EU Referendum would have an</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to note the register; (ii) to note the information provided; (iii) to request an update on ASV's review of their risk management framework; and (iv) to request that ASV consider adding the impact of the EU Referendum result on the business to their risk register. 	N Buck

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			impact on their business and if they anticipated any funding implications or risks related to workforce planning. Mr Sinclair explained that ASV would take cognisance of this advice and thereafter referred to an issuer which would be the subject of a report to the Council in due course.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Management Trading Accounts	ASV's Management Accounts as at 30 April 2016.	Paul Dixon (Finance) asked for an update on their financial performance for the year to date. Gordon Davidson advised that the accounts detailed ASV's financial position nine months into their financial year and reminded members that ASV's financial Year End was September 2016 to mirror the University's academic year. He explained that ASV had generated £4.7million in revenue which was in line with budgetary forecasts; and they had recorded a £400,000 surplus. He also assured the Hub that they maintained healthy financial reserves. Mr Davidson noted that they continued to monitor costs within their budget as they recognised that challenges related to the downturn in the oil and gas sector had led to a reduction in the level of disposable income available to existing and prospective customers.	<u>The Hub resolved:-</u> (i) to note the accounts; (ii) to note the information provided and (iii) to request the full set of quarterly accounts which had been presented to the ASV Board.	P Dixon
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Health and Safety	(a) Health and Safety Risk Management – 11	Mary Agnew (Health, Safety and Wellbeing) asked what qualifications	<u>The Hub resolved:-</u> (i) to note the reports;	M Agnew

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		<p>September 2015;</p> <p>(b) Health and Safety Policy – September 2015;</p> <p>(c) QLM Leisuresafe Audit – 6 March 2015;</p> <p>(d) Minute of ASV Health and Safety Improvement Group Meeting – 17 March 2016.</p>	<p>ASV's internal health and safety adviser possessed. Duncan Sinclair advised that their Health and Safety Development Manager was their internal adviser and she had attained NEBOSH accreditation.</p> <p>Ms Agnew enquired how health and safety items were reported throughout the organisation and how actions were closed out. Ludwik Metelski (Head of Operations, ASV) explained that health and safety was reported to the Board on a quarterly basis and this included performance information on the number of accidents and incidents that enabled the Board to discuss trends that had developed. He added that health and safety reports were also submitted to the Joint Partnership Group as part of the Monitoring Framework.</p> <p>With regards to how health and safety actions were closed off, Mr Metelski advised that health and safety items were discussed at the monthly Operations Team meeting and an improvement plan was maintained to track progress. He noted that health and safety governance would be strengthened in the next few months and highlighted that their Health and Safety Policy and organisational hierarchy would be refreshed; this process would include the appointment of a Health and Safety Champion who would attend Board meetings. He added that plans had</p>	<p>(ii) to note the information provided; and</p> <p>(iii) to request information on how health and safety reports were reported throughout the organisation and how actions were closed off.</p>	
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			also been developed to establish a Health and Safety Committee to further strengthen their governance arrangements.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Service Performance	N/A	The Chair asked Euan Couperwhite (Policy, Performance and Resources) if the Council was clear on what ASV's strategic priorities should be. Mr Couperwhite replied that he met regularly with ASV to discuss strategic and operational issues and advised that the Council expected ASV to provide a centre that would serve not only Aberdeen City but the wider North East region. Thereafter Mr Couperwhite asked ASV to provide an outline of their KPIs and how they had performed relative to the objectives set out in their Business Plan. Duncan Sinclair explained that a new strategy was being developed and a revised performance management framework would be introduced to reflect these refreshed strategic priorities. He highlighted that a number of indicators may no longer be fit for purpose, relevant or provide value to partners; and he cited the Centre's user per square metre indicator as an example of a measure that provided information on operational outputs but was not strategically informative. He added that a key objective for their new strategy would be to increase participation in sport and	<u>The Hub resolved:-</u> (i) to note the information provided; and (ii) to request an update on the development of a more outcome focussed performance management framework.	E Couperwhite

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			activities by 5% over the next three years.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	Closing Remarks	N/A	The Chair thanked the representatives from Aberdeen Sports Village for their attendance and contributions and brought the meeting to a close.	<u>The Hub resolved:-</u> To thank the representatives of ASV for their attendance and contributions at today's meeting.	N/A

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

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ABERDEEN, 22 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Health, Safety and Wellbeing), Neil Buck (CG Business Team), Jeff Capstick and Keith Tennant (Human Resources and Customer Service) and Paul Dixon (Finance), and Jane Spiers, Chief Executive and Lynne McFarlan, Director of Finance (Aberdeen Performing Arts (APA)).

Also in attendance: Iain Robertson (Clerk).

Apologies: Joan McCluskey (Commercial and Procurement Services), Lesley Thomson (Education Service) and Mark Johnstone (Audit Scotland).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic Services) opened the meeting and welcomed representatives from Aberdeen Performing Arts (APA) and explained that the Good Governance Institute (GGI) and Chartered Institute of Public Finance and Accountancy (CIPFA) would be supporting the Council's governance review and would advise on strengthening the governance arrangements between the Council and its ALEOs.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27 June 2016.	The Chair advised that the External Audit Annual Report had been presented to the Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal controls. He added that the Council's	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to note the information provided.	R MacBeath

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			<p>relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p> <p>With reference to recommendation 3, the Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider</p>		
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			<p>governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting - 10 May 2016.	The Chair noted that all relevant items and actions had been included in today's Improvement Plan.	<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)
4.	Improvement Plan	<p>(a) APA Improvement Plan as at 22 August 2016;</p> <p>(b) APA Board Finance Report – 16 May 2016;</p> <p>(c) Succession Plan;</p> <p>(d) Health and Safety Policy, Procedures and Development Plan – October 2015;</p> <p>(e) Minute of Organisational Development Sub</p>	With reference to item 1 (Business Continuity Plan), Jane Spiers (Chief Executive, APA) confirmed that all the key elements of a Business Continuity Plan were in place including comprehensive documents for ICT and business systems and workforce planning and an exercise was underway to consolidate this into one document. It was also confirmed that business continuity planning was discussed at Board level and was on the	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan;</p> <p>(ii) to note the reports;</p> <p>(iii) to note the information provided;</p> <p>(iv) to request that APA meet with the Council's Corporate Procurement Manager to discuss</p>	I Robertson

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		<p>(f) Committee Meeting – 3 February 2016; and Minute of Health and Safety Champions Meeting – 6 July 2016.</p>	<p>agenda for a forthcoming Board Development Day;</p> <p>With reference to item 2 (Internal Audit Arrangements), Ms Spiers confirmed that there were arrangements in place for internal audit and that as part of APA's business planning processes every year the senior management team identified areas for internal audit. Impartial, independent consultants were appointed on a project by project basis to undertake the internal audit function. In 2016, consultants had been commissioned to undertake an impartial, internal audit of Food and Beverage Services and an impartial, independent body would be commissioned to undertake an internal audit of health and safety. She also highlighted that APA was highly regulated as a company limited by guarantee by Companies House and as a charity by OSCR. She added that APA had achieved the Customer Service Excellence Standard and had received Investors In People accreditation, both of these standards were awarded through external validation;</p> <p>With reference to item 3 (Compliance with Procurement Reform Act), the Chair noted that Joan McCluskey (Commercial and Procurement Services) had submitted her apologies for today's meeting and advised</p>	<p>(v) compliance with the Procurement Reform Act; to request that APA provide a Board report setting out how proposed actions impacted on Finances;</p> <p>(vi) to request that APA's Organisational Development Manager meet with the Council's HR Manager to discuss their equal pay obligations;</p> <p>(vii) to request that APA's Director of Operations and Productions meet with the Council's Health, Safety and Wellbeing Manager to discuss their health and safety arrangements; and</p> <p>(viii) to request the names of the members of staff appointed to carry out their Fire Risk Assessments.</p>	
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			<p>that she would welcome a meeting with APA to discuss the requirements of the Procurement Reform Act;</p> <p>With reference to item 4 (Reporting Financial Implications to the Board), Paul Dixon (Finance) noted the attached Board Finance Report from 16 May 2016, but advised that financial implications should be set out more explicitly to provide the Board with greater detail on how proposed actions would impact on the finances of the business. He asked APA to provide a Board report which set out how financial implications were presented to the Board and how proposed actions impacted on finances;</p> <p>With reference to item 5 (Equal Pay Obligations), Jeff Capstick (HR and Customer Service) requested a meeting with APA's Organisational Development Manager to discuss their equal pay obligations;</p> <p>With reference to item 6 (Sickness Absence Procedure), Ms Spiers confirmed that their Sickness Absence Procedure included a definition of what constituted a long term absence;</p> <p>With reference to item 7 (Workforce Planning), Mr Capstick explained that he was satisfied with the attached Succession</p>		
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			<p>Plan and enquired what impact the closure of the Music Hall would have on their income streams and if they anticipated a possible reduction in their headcount. Lynne MacFarlan (Director of Finance, APA) confirmed that the close of the Music Hall would result in a reduction in headcount from the casual pool;</p> <p>With reference to item 8 (COSHH Training), Mary Agnew (Health, Safety and Wellbeing) noted that she would expect to see the number of employees who had undergone COSHH training be included in their annual health and safety report. Ms Spiers confirmed that APA had COSHH trained members of staff. Mary Agnew requested to meet with APA's Director of Operations and Productions to get an overview of health and safety arrangements; and</p> <p>With reference to item 9 (Health and Safety Policy), Ms Agnew noted the attached Health and Safety Policy and asked how health and safety investigations were undertaken. Ms Spiers explained that it was the responsibility of the Health and Safety Working Group, chaired by APA's Director of Operations and Production to ensure that all health and safety accidents and incidents were logged and investigated by line managers. This process was further scrutinised by the</p>		
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			<p>Organisational Development Sub Committee, chaired by an APA Director.</p> <p>Ms Agnew enquired if APA had appointed a member of staff to carry out their Fire Risk Assessments. Ms Spiers replied that she did not have the names to hand but confirmed that APA had staff designated to carry out Fire Risk Assessments and that assessments were carried out regularly.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	APA's Risk Register as at July 2016.	<p>Neil Buck (CG Business Team) noted that APA had included the UK's intention to leave the EU as a risk in their register and enquired what impact the EU Referendum result would have on their business in terms of workforce planning and access to funding. Jane Spiers advised that she had contributed to an industry survey which aimed to gauge the impact of the result on the creative sector but noted that APA didn't rely on EU funding. Ms Spiers explained that APA were currently eligible for EU Culture funding but there was no guarantee this would be the case in future as there could be an issue with cross border touring if visas were introduced and staff from the EU currently employed by APA may be impacted by potential workforce changes as a result of the EU Referendum result.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the register; and</p> <p>(ii) to note the information provided.</p>	N Buck

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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Management Trading Accounts	APA's Management Accounts as at 30 June 2016.	<p>Paul Dixon asked what impact the re-development of the Music Hall had had on their finances. Jane Spiers informed the Hub that the Q1 accounts had shown that they were overextended in one or two areas of the business and raising sufficient capital had been difficult.</p> <p>Ms Spiers informed the Hub that a balanced budget had been submitted to the Board and approved for 2016/17 but noted that this would be challenging to deliver and managers had been working hard to mitigate variances and achieve a balanced budget by Year End.</p> <p>Mr Dixon enquired if their annual accounts for 2015-16 had been audited. Lynne McFarlan explained that the audit had been completed and no concerns or issues had been raised by external auditors during the audit. She noted that the Board would sign off on the accounts at their meeting in September 2016.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the accounts;</p> <p>(ii) to note the information provided;</p> <p>(iii) to request an update on APA's fundraising for the Music Hall re-development; and</p> <p>(iv) to request that APA's audited annual accounts 2015-16 be presented to the Hub's next meeting on 12 October 2016.</p>	P Dixon
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Service Performance	N/A	The Chair advised that APA's Service Lead had submitted her apologies for today's meeting but she had provided him with a number of questions she would like him to ask APA on her behalf. The Chair enquired how challenging it had been to find alternative venues whilst the Music	<p><u>The Hub resolved:-</u></p> <p>(i) to note the information provided; and</p> <p>(ii) to note that the loss of Creative Scotland funding was included</p>	L Thomson

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			<p>Hall had been closed. Jane Spiers advised that it had been an exciting period for the business as it provided them with an opportunity to branch out across the City and to connect with existing audiences and build new ones.</p> <p>The Chair asked how being incorporated within the festivals collective had benefited the development of APA programming. Ms Spiers explained that the festivals collective had provided them access to new networks and integrated them into the shared marketing strategy for the city.</p> <p>The Chair enquired how Aberdeen City's new Cultural Plan would impact on APA's strategic priorities and business planning. Ms Spiers informed the Hub that she represented APA on the Culture Network and had been fully engaged with the process. She added that APA's Business Plan had been put in place following consultation with a range of stakeholders including the council and was already aligned with wider city objectives. In response to a question from the Chair Ms Spiers provided an update on APA programming highlights.</p> <p>The Chair enquired if Ms Spiers could provide an update on access to Creative Scotland funding for the next three years. Ms Spiers advised that they had received</p>	in APA's risk register.	
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			the timescales for applying for this funding with an indicative submission date of spring 2017 but this had not been confirmed. She added that the recent referendum result may also have an impact on the availability of this funding.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Closing Remarks	N/A	The Chair thanked the representatives from Aberdeen Performing Arts for their attendance and contributions and brought the meeting to a close.	<u>The Hub resolved:-</u> To thank the representatives of APA for their attendance and contributions at today's meeting.	N/A

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

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APPENDIX 7

ABERDEEN, 22 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Health, Safety and Wellbeing) Neil Buck (CG Business Team), Jeff Capstick and Keith Tennant (Human Resources and Customer Service) and Paul Dixon (Finance); and Dave Jacobs, General Manager and Mhairi Miller, Business Strategy and Finance Manager (Garthdee Alpine Sports (GAS)).

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

Apologies: Joan McCluskey (Commercial and Procurement Services), Euan Couperwhite and Alex Paterson (Policy, Performance and Resources).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic Services) opened the meeting and welcomed representatives from Garthdee Alpine Sports (GAS) and explained that the Good Governance Institute (GGI) and Chartered Institute of Public Finance and Accountancy (CIPFA) would be supporting the Council's governance review and would advise on strengthening the governance arrangements between the Council and its ALEOs. Mhairi Miller (Business Strategy and Finance Manager, GAS) confirmed that the GGI had contacted them and a meeting or interview would likely be arranged in due course.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27	The Chair advised that the External Audit Annual Report had been presented to the	<u>The Hub resolved:-</u> (i) to note the report;	R MacBeath

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		June 2016.	<p>Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal controls. He added that the Council's relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p>	(ii) and to note the information provided.	
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			<p>With reference to recommendation 3, the Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting - 13 May 2016.	<p>With regards to item 9 (Transfer Agreement), the Chair advised that the Service Lead and his substitute had sent their apologies for today's meeting and suggested that this item be deferred until the Hub's next meeting on 12 October 2016 for more detailed consideration.</p> <p>The Chair noted that all other relevant items and actions had been included in today's Improvement Plan.</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to approve the minute as a correct record; (ii) to note the information provided; and (iii) to defer consideration of GAS's Transfer Agreement until the Hub's next meeting on 12 October 2016. 	I Robertson

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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan	GAS Improvement Plan as at 22 August 2016.	<p>With reference to item 1 (Business Continuity Planning), Dave Jacobs advised that they had been working on developing a more formal business continuity plan but in the meantime he was confident that the business had sufficient reserves to pay staff if the business was unable to operate and explained that they were developing plans to diversify their customer base by introducing a number of new activities that would take place onsite;</p> <p>With reference to item 2 (Management Trading Accounts), the Chair advised that these had been attached under item 5 of today's agenda;</p> <p>With reference to item 3 (Financial Procedures), Mr Jacobs advised that they had developed a formal expenses procedure and would present this to the Hub's next meeting;</p> <p>With reference to item 4 (HR Compliance), Mr Jacobs advised that he had contacted the Council's HR Service since the previous meeting. Jeff Capstick (HR and Customer Service) advised that he would provide his and Keith Tennant's (HR and Customer Service) details to ensure that GAS had access to HR advice from the Council; and</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan;</p> <p>(ii) to note the information provided;</p> <p>(iii) to request that GAS meet with the Council's Risk Manager to discuss the development of Business Continuity Planning;</p> <p>(iv) to request that GAS's expenses procedure be presented to the Hub's next meeting on 12 October 2016; and</p> <p>(v) to instruct the Clerk to provide GAS with contact details for the Council's HR Manager, HR Team Leader and Corporate Procurement Manager.</p>	I Robertson

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			With reference to item 5 (Commercial Compliance), the Chair noted that Ms McCluskey had sent her apologies for this meeting but advised that it was her intention to meet with all the tier 2 ALEOs to discuss the requirements of the Procurement Reform Act.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	GAS's Risk Register as at April 2016.	<p>Neil Buck (CG Business Team) asked if there was a risk that the service they provided could be replaced and if they undertook horizon scanning. Dave Jacobs advised that they closely monitored the snowsports market and were mindful of the impact a new indoor ski centre would have on their business, particularly as the facilities at the existing site were limited and outdated.</p> <p>Mr Buck enquired if the EU Referendum result would have an impact on their business and whether the downturn in the oil and gas industry had precipitated a reduction in year on year revenue levels. Mr Jacobs replied that GAS employed no permanent EU workers and they received no EU funding. With regards to the downturn in the oil and gas industry, he hadn't noticed a reduction in service use yet and noted that their summer activity programme was full to capacity. He added that the summer months were their off season and anticipated that they may</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the register; and</p> <p>(ii) to note the information provided.</p>	N Buck

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			notice a bigger impact on trade during the winter period in comparison to the previous financial year.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Management Trading Accounts	GAS's Management Accounts as at 30 June 2016.	<p>Paul Dixon (Finance) asked if the management accounts were presented to the Board in the attached format. Mhairi Miller confirmed that this was the case and the Board had been content with this level of detail. Mr Dixon enquired if they had considered adding lines in their accounts which recorded year on year performance and performance against budget and Year End forecast. Ms Miller replied that they held this information and could provide it if requested by the Board or Hub.</p> <p>Mr Dixon asked for an overview of financial performance for the year to date. Dave Jacobs advised that they had recorded a small loss against budget but this was due to seasonal variation as Q1 occurred during their off peak period and he explained that during this period service numbers were lower and they had used this time to repair and maintain the facility which increased expenditure and costs for Q1. He added that this issue would be less of a factor for the rest of the financial year.</p> <p>Mr Jacobs informed the Hub that the business had performed well within its</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the accounts;</p> <p>(ii) to note the information provided;</p> <p>(iii) to request that the next management trading accounts presented to the Hub include year on year financial performance and performance against budget and the Year End forecast; and</p> <p>(iv) to request that the audited annual accounts be presented to the next Hub meeting on 12 October 2016.</p>	P Dixon

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			limitations and reiterated that the facility required investment to make it more competitive and reiterated that they wanted to open a cafe onsite to generate additional revenue but were restricted by the size and layout of the site. Ms Miller advised that she expected the audited annual accounts to be finalised in September 2016 and thereafter these would be submitted to the Board and Hub for consideration.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Service Performance	(a) Summary of Consents and Requirements; and (b) Transfer Agreement between ACC and GAS.	The Chair advised that the Service Lead and his substitute had both sent their apologies for today's meeting but noted that they had submitted a number of questions for the Chair to ask GAS on their behalf. The Chair asked how well placed they were to capture and reflect the objectives from the draft Sport and Physical Activity Strategy in the new GAS Strategic Plan. Dave Jacobs advised that they considered themselves well placed and emphasised it was a key aim to transition people from participating in physical activity into a particular sport as well as creating pathways for talented athletes to progress through the various levels and systems and he noted that these aspirations aligned well with the Sport and Physical Activity Strategy. Mr Jacobs explained that GAS had	The Hub resolved:- (i) to note the reports; (ii) to note the information provided; (iii) to request that GAS consider attaining NEBOSH accreditation; and (iv) to request that GAS's Annual Health and Safety Report and Health and Safety Improvement Plan be presented to the Hub's next meeting on 12 October 2016.	E Couperwhite

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			<p>supported youth participation in sports by organising transportation to and from the Snowsports Centre. They had embedded the disability in sport criteria into their Strategic Plan and worked closely with other snowsport operators and governing bodies to develop programmes that would provide a pathway for disabled athletes with additional needs to progress through to the Special Olympics and he noted that GAS had supported 17 members of the national team in the freestyle skiing discipline.</p> <p>The Chair enquired what they perceived their future role, function and contribution to be with regards to the Active Aberdeen Strategic Forum. Mhairi Miller informed the Hub that GAS were represented on the Implementation Group by Mr Jacobs and they viewed the Forum as a vehicle to market the city and raise the profile of snowsports, in addition it was a support network to share best practice and a means to develop integrated platforms such as shared booking systems which had improved customer experience across the city and provided GAS with access to customer information to support their marketing strategy.</p> <p>The Chair noted that there were development plans for a new site in their existing Business Plan and asked if there</p>		
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			<p>had been any progress on this or whether these plans would be re-evaluated in the context of the new Strategic Plan. Mr Jacobs explained that due to recent uncertainty regarding the level of core funding, the downturn in the oil and gas sector and the impact of the new Aberdeen Western Peripheral Route, they had decided to pause these development plans for the time being. He noted that the business needed a new site with room to expand and increase the number of activities they could facilitate as this would support the aspiration to diversify their revenue streams and make them less reliant on Council funding. He explained that they had scoped a site on Broad Hill as the land was appropriate for a snowsports centre and was nearby other sport and cultural partners.</p> <p>Mary Agnew (Health, Safety and Wellbeing) asked if GAS had access to competent health and safety advice on a regular basis. Mr Jacobs advised that a number of staff had health and safety experience but had not gained any formal qualifications. He explained that they had commissioned an external organisation to review their risk assessment procedures every two years but was not aware of an organisation that provided industry specific health and safety advice for snowsport operators. He added that the former Chief</p>		
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			<p>Executive of Snowsports Scotland had recently been tasked to develop this industry specific health and safety guidance.</p> <p>Ms Agnew enquired how health and safety performance was monitored and if they benchmarked their performance against other organisations. Mr Jacobs explained that they would look to develop their capacity to monitor health and safety performance and confirmed they did benchmark against other ski slope operators.</p> <p>Ms Agnew noted that Mr Jacobs had advised the Hub that GAS provided transportation in the form of a minibus to transport groups to and from the Snowsports Centre and asked what arrangements they had in place to manage and mitigate risk. Mr Jacobs explained they had been granted a permit to operate the minibus and the vehicle was checked by Council colleagues at Kittybrewster Depot before groups used the minibus. He confirmed they had breakdown cover in place and the key was locked in a safe when not in use.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Closing Remarks	N/A	The Chair thanked the representatives from Garthdee Alpine Sports for their attendance and contributions and brought	<u>The Hub resolved:-</u> To thank the representatives of GAS for	N/A

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			the meeting to a close.	their attendance and contributions at today's meeting.	
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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

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ABERDEEN, 22 August 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Neil Buck (CG Business Team), Paul Dixon (Finance), Mai Muhammad (Land and Property Assets) and Keith Tennant (HR and Customer Service); and Ian Booth, General Manager and Mike Scott, Board Member (Aberdeen Heat and Power Ltd (AHP)).

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

Apologies: Mary Agnew (Health, Safety and Wellbeing), Joan McCluskey (Commercial and Procurement Services) and Janice Lyon (Aberdeen Heat and Power Ltd).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair (Democratic Services) opened the meeting and welcomed representatives from Aberdeen Heat and Power (AHP) and explained that the Good Governance Institute (GGI) and Chartered Institute of Public Finance and Accountancy (CIPFA) would be supporting the Council's governance review and would advise on strengthening the governance arrangements between the Council and its ALEOs. The Chair asked if GGI had contacted AHP and Ian Booth (General Manager, AHP) advised that a telephone interview had been scheduled with the GGI for 24 August 2016.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
2.	External Audit Report	Audit Scotland Report to Audit, Risk and Scrutiny Committee – 27	The Chair advised that the External Audit Annual Report had been presented to the	<u>The Hub resolved:-</u> (i) to note the report;	R MacBeath

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		June 2016.	<p>Audit, Risk and Scrutiny Committee on 27 June 2016 and explained that the report focussed on the Council's internal controls. He added that the Council's relationship with its ALEOs would be subject to a significant degree of scrutiny as five of the report's seven recommendations related to ALEO governance. The Chair informed the Hub that recommendations had been approved by the Audit, Risk and Scrutiny Committee and its recommendations would now be taken forward by officers and noted that this process would be incorporated into the wider governance review.</p> <p>The Chair then summarised the report's recommendations:</p> <p>With reference to recommendation 1, the Chair advised that ALEO Service Level Agreements (SLA) would be reviewed by the legal team working with Commercial and Procurement Services but noted that this was a small team and the process would take time to complete;</p> <p>With reference to recommendation 2, the Chair explained that the Hub would begin to undertake more robust scrutiny of service performance in order that clear assurance could be provided to Council committees;</p>	(ii) and to note the information provided.	
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			<p>With reference to recommendation 3, the Chair highlighted that the remit of the Hub would be reviewed and that the 360 survey would be incorporated into wider governance review;</p> <p>With reference to recommendation 4, the Chair noted that the Hub would now take a view on the robustness of governance arrangements and service performance to provide further assurance to Council committees; and</p> <p>With reference to recommendation 5, the Chair advised that the Hub would begin to adopt a more proportionate approach to ALEO scrutiny and would have the discretion to determine the frequency of meetings based on the level of assurance provided by each ALEO.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Minute of Previous Meeting	Minute of the previous Hub meeting-13 May 2016.	The Chair informed the Hub that all relevant items and actions had been included in today's Improvement Plan.	<p><u>The Hub resolved:-</u></p> <p>(i) to approve the minute as a correct record; and</p> <p>(ii) to note the information provided.</p>	I Robertson
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
4.	Improvement Plan	<p>(a) AHP's Improvement Plan as at 22 August 2016;</p> <p>(b) Policy and Operations Sub Group Remit;</p>	With reference to item 1 (Business Continuity Plan), the Hub was advised that AHP's Business Continuity Plan had been added to the list of items to be reviewed	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan;</p> <p>(ii) to note the reports;</p>	I Robertson

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		<p>(c) Development Sub Group Remit;</p> <p>(d) Changes to Public Procurement Law Regulation – 5 July 2016; and</p> <p>(e) AHP Tendering Procedures – 16 July 2016.</p>	<p>on an annual basis unless there was a change of staff that required a revision to the contact arrangements;</p> <p>With reference to item 2 (Internal Audit Arrangements), the Hub was informed that AHP do not have an independent internal audit service due to the low number of employees but they commissioned external bodies to support their recruitment process and to develop their bad debt procedure;</p> <p>With reference to item 3 (Remit of AHP Sub Groups), the Chair advised the remits had been attached under item 3(a) of today's agenda;</p> <p>With reference to item 4 (Board Report Template), the Hub was advised that AHP had given consideration to adopting a template similar to the Council's and a proposal would be presented to the Policy and Operations Sub Group and the Board in due course;</p> <p>With reference to item 5 (HR Documentation), the Hub was informed that AHP had met with the Council's HR Manager to discuss the modifications that needed to be made to their HR documentation and advised that these changes had been actioned;</p>	<p>(iii) to note the information provided;</p> <p>(iv) to note that the Council's HR Manager would contact Hay's in respect of AHP's Job Evaluation Procedure; and</p> <p>(v) to defer consideration of item 9 (Procurement Reform Act) and item 10 (Procurement Procedures) to the Hub's next meeting on 12 October 2016.</p>	
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			<p>With reference to item 6 (Job Evaluation Procedure), Ian Booth confirmed that AHP's Job Evaluation Procedure was based on the Hay process and their HR Consultant advised that the process used was partially commercially sensitive;</p> <p>With reference to item 7 (Health and Safety Meeting), Mr Booth confirmed that AHP had met with a Health and Safety Adviser from the Council to review their documentation and level of compliance;</p> <p>With reference to item 8 (Health and Safety Policy), the Hub was informed that AHP's Health and Safety Procedures for external contractors were being revised and they had received guidance from the Council and Safety Scotland in this regard. Mr Booth explained that health and safety issues were largely resolved through discussions amongst the three members of staff but incidents could be escalated to the Policy and Operations Sub Group for further support and all incidents were recorded until they had been resolved and closed off. He advised that AHP did not formally report their health and safety performance and did not produce an annual health and safety report as issues were largely resolved by management or through the Policy and Operations Sub Group;</p>		
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			<p>With reference to item 9 (Procurement Reform Act) and item 10 (Procurement Procedures), the Chair advised that Joan McCluskey (Commercial and Procurement Services) had submitted her apologies for today's meeting and proposed that consideration of these items be deferred until the Hub's next meeting; and</p> <p>With reference to item 11 (AHP Business Plan), the Chair advised that this was attached under item 6 of today's agenda.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Risk Register	AHP's Risk Register.	<p>Neil Buck (CG Business Team) highlighted that accidental damage to underground piping had been assigned a moderate risk and noted that they would be required to mark out routes across all areas of soft ground in line with markings for underground district heating water pipes to prevent accidental damage. Mr Buck asked how this information would be displayed. Ian Booth explained they would consult with the Council before outlining any markers and the Chair advised that colleagues in Public Infrastructure and Environment could assist in this matter.</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to note the register; (ii) to note the information provided; (iii) to request that AHP add the risk of accidental damage to underground district heating water pipes in areas of soft ground to their Risk Register; and (iv) to request that AHP contact the Council's Public Infrastructure and Environment service to discuss marking routes for areas of soft ground to prevent accidental 	N Buck

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				damage to underground district heating water pipes.	
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Management Trading Accounts	AHP's Management Accounts as at 30 June 2016.	<p>Paul Dixon (Finance) informed the Hub that AHP's Management Accounts were comprehensive and noted that performance was good but not quite as strong as last year. Ian Booth explained that this year's financial performance was impacted by unseasonably warm weather which reduced the level of heating used by consumers. Mike Scott (Board Member, AHP) added that delays to projects coming on stream such as the Tillydrone project had also resulted in a number of variances.</p> <p>Mr Dixon asked if they perceived any threats to the business on the horizon. Mr Scott replied that projects could encounter a number of challenges that were difficult to anticipate and advised that they had been monitoring the downturn in the oil and gas industry very closely. He reported that AHP had secured their gas supply up to 2019 to support the budget setting process as the gas unit price would now be relatively stable.</p> <p>Mr Dixon asked how their management accounts were reported throughout the organisation. Mr Booth explained that the</p>	<p>The Hub resolved:-</p> <p>(i) to note the accounts;</p> <p>(ii) to note the information provided; and</p> <p>(iii) to request AHP's 2015-16 audited annual accounts be presented to the Hub's next meeting on 12 October 2016.</p>	P Dixon

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			accounts were presented to the Policy and Operations Sub Group and to the Board. He informed the Hub that their 2015-16 audited annual accounts had been approved by the Board and they would be forwarded onto to the Council later this week and submitted to the next Governance Hub meeting in October.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Business Plan	AHP Business Plan 2015-20.	Mike Scott introduced the Business Plan and stated that the plan represented a good springboard for further development based on sound financial performance over the previous few years. Mr Scott advised that a Board development day had been scheduled for 29 September 2016 to review their five year plan and to provide an opportunity for the Board to discuss strategic challenges such as the downturn in the oil and gas industry and the development of the Altens East Recycling and Waste Management Facility.	<u>The Hub resolved:-</u> (i) to note the Business Plan; and (ii) to note the information provided.	P Dixon/M Muhammad
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Service Performance	(i) Agreement Between AHP and ACC – March 2005; (ii) Framework Agreement between AHP and DEAL – December 2013; and (iii) Amendment Agreement between AHP, ACC and	Mai Muhammad (Land and Property Assets, ACC) informed the Hub that she continued to hold bi-monthly meetings with AHP colleagues to receive performance information and project updates; this meeting was also a forum to resolve issues. Ms Muhammad advised that the	<u>The Hub resolved:-</u> (i) to note the reports; (ii) to note the information provided; (iii) to request information on the number of households alleviated	M Muhammad

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		DEAL – December 2013.	<p>Council's Energy Team continued to monitor AHP's major projects and connections to the district heating system and would be able to provide data on the number of households alleviated from fuel poverty through AHP installations.</p> <p>The Chair advised that he had received a number of questions from the Council's Director of Communities, Housing and Infrastructure with regards to District Energy Aberdeen Limited (DEAL) which was a subsidiary of AHP, and he had requested that the Governance Hub scrutinise this area of the business. The Chair asked if AHP were TEKAL compliant and Mike Scott replied that Brodies had assured them that they were and they had liaised with the City Council's Legal Service on this matter. The Chair enquired if AHP owned installed assets such as generator systems, pipes and heat exchanges that had been purchased through Council grant and capital funding. Ian Booth confirmed that AHP's position was that they owned these assets, whereas the Council owned fixed assets within the curtilage of the Council buildings that are supplied with heat from AHP.</p> <p>The Chair asked if AHP had taken account of the risks associated with trading as a commercial energy provider. Mr Booth explained they had undergone a legal</p>	(iv) from fuel poverty through AHP installations; and to request an update on AHP's approach to workforce and succession planning.	
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			<p>process to set up a separate entity to focus on commercial trading opportunities. He highlighted that DEAL had Directors but no employees, with the exception of a shared accountant and noted that the purpose of DEAL was to act as a retailer to third party customers whilst AHP remained the supplier. Mr Booth added that DEAL feasibility studies were submitted to AHP's Development Sub Group to provide assurance to AHP that the level of risk undertaken was minimal and was being mitigated. He also informed the Hub that DEAL Committee minutes were presented to the AHP Board for scrutiny.</p> <p>Keith Tennant (HR and Customer Service) asked if AHP had developed a workforce or succession plan. Mr Scott advised that AHP only had two full time employees and any aspirations for additional resource were restricted by cost. Mr Booth noted that this issue had been discussed at the Policy and Operations Sub Group and explained he shared as much knowledge with the other staff member as he could to ensure that he could perform the duties of General Manager on a short term basis if required.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	Closing Remarks	N/A	The Chair thanked the representatives from Aberdeen Heat and Power for their	<u>The Hub resolved:-</u> To thank the	N/A

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			attendance and contributions and brought the meeting to a close.	representatives of AHP for their attendance and contributions at today's meeting.	
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