

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	24 February 2021
REPORT TITLE	ALEO Assurance Hub - Term of Reference
REPORT NUMBER	COM-21-048
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Vikki Cuthbert
TERMS OF REFERENCE	Remit - 1.2

1. PURPOSE OF REPORT

To present revised Terms of Reference for the ALEO Assurance Hub and a workplan for the year 2021.

2. RECOMMENDATIONS

That the Committee approve the revised ALEO Assurance Hub Terms of Reference and note the workplan for the ALEO Assurance Hub in 2021 which has been reviewed by the Risk Board and consulted upon with the ALEOs and the relevant Conveners.

3. BACKGROUND

- 3.1 The ALEO Assurance Hub is one component of the ALEO Assurance Framework which provides a basis for the Council to oversee and support its arms-length external organisations. The Hub reports twice a year to this Committee to provide assurance that systems and policies are in place in each ALEO to mitigate and manage risks to the organisation and to the Council.
- 3.2 The Hub has in place a Terms of Reference which are reviewed annually. These are attached at appendix A to the report, including tracked changes for visibility on some amendments. The bulk of these changes are of a housekeeping nature and attempt to tidy up the process for consulting on the annual workplan. There is also recognition of the role of the Risk Board in setting the annual workplan and reviewing the Terms of Reference.
- 3.3 Attached at appendix B is a workplan for 2021. This builds on the areas of assurance reported in previous years, whilst recognising that the Hub's role is to seek assurance rather than scrutinise performance. The Terms of Reference explain the additional elements of the ALEO Assurance Framework, including the roles of the City Growth and Resources Committee and the Strategic Commissioning Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report.
- 4.2 The role of the Hub is to ensure that ALEOs provide assurance that risks, including financial ones are identified and managed. One of the Hub's primary functions is to ensure that the Council is able to follow the public pound as outlined in Accounts Commission guidance.

5. LEGAL IMPLICATIONS

- 5.1 Legal officers within Commercial and Procurement Services have reviewed ALEO Service Level Agreements which aim, amongst other things, to facilitate the ALEO Assurance Framework. These have been modified to recognise the requirements of the Assurance Hub to receive assurance regarding systems of governance, company outcomes and risk management and mitigation.
- 5.2 The Hub will help identify any projects and/or initiatives that could influence investment decisions of Bond holders or the Council's credit rating and ensure that the appropriate governance is put in place. This adds to the Council's existing Bond governance arrangements.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Ability of ALEOs to support the Council in meeting its strategic outcomes.	(M)	The Assurance Hub process mitigates against this risk by monitoring ALEO contribution to ACC strategic outcomes. This includes review of ALEO risk registers.
Compliance	ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes. GDPR Compliance.	(L)	Commercial and Procurement Services has reviewed ALEO service level agreements to ensure they remain robust and fit for purpose. The Strategic Commissioning Committee has oversight of how ALEOs are achieving Council outcomes and

			<p>complying with the terms of their service level agreements.</p> <p>The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure.</p> <p>The Legal Governance Team provide support and advice to the Hub on the steps ALEOs are taking on GDPR compliance in order for the Hub to provide assurance to Committee on ALEOs' management of this risk.</p>
Operational	Failure of ALEOs to deliver services according to agreed Service Level Agreements	M	Monitored by Strategic Commissioning Committee which has oversight of ALEO strategic business plans.
Financial	Financial failure of ALEOs impacting on the Council and its credit rating.	M	ALEOs report financial performance and governance to their boards and present their annual accounts for scrutiny by an external auditor. One of the Hub's key functions is to provide assurance to Committee on the financial management of Council ALEOs.
Reputational	Impact of	L	Regular reporting to

	performance or financial risk on reputation of ACC.		this Committee from the Hub provides adequate control.
Environment / Climate	No direct risks arising from the report's recommendations.		

7. OUTCOMES

- 7.1 The recommendations within this report have no direct impact on the Council Delivery Plan.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required.
Data Protection Impact Assessment	Not required.

9. BACKGROUND PAPERS

None.

10. APPENDICES

Appendix A – ALEO Assurance Hub Terms of Reference

Appendix B – ALEO Assurance Hub Workplan 2021

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