

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	12 May 2021
REPORT TITLE	ALEO Assurance Hub
REPORT NUMBER	GOV-21-105
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TERMS OF REFERENCE	Remit - 1.2

1. PURPOSE OF REPORT

To provide assurance on the risk management, financial management and governance arrangements of Arm's Length External Organisations (ALEOs) within the ALEO Assurance Hub's terms of reference.

2. RECOMMENDATIONS

That the Committee:-

- 2.1 Notes the level of assurance provided by each ALEO on risk management, financial management and governance;
- 2.2 Notes that Assurance Hub officers and ALEO Service Leads will discuss any outstanding issues identified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to further improving the assessment ratings at the next Hub meeting; and
- 2.3 Notes the intention to incorporate each ALEO into training on emergency response and recovery and PREVENT, to enable ALEOs to support the Council in meeting its statutory obligations.

3. BACKGROUND

- 3.1 The report provides an overview of the ALEO Assurance Hub's most recent cycle of scrutiny following the Committee's endorsement of an oversight approach which balanced the Council's need for assurance with an ALEO's right to govern itself as an independent entity.
- 3.2 The Hub continues to adopt a proportionate and risk-based approach and receives assurance from ALEOs through exception reporting which allows it to assess the level of ALEO risk to the Council. The reporting is based on the

degree of assurance provided on each ALEO's financial management; risk management and governance arrangements.

- 3.3 The Hub met in March and identified the following key assurance areas, in accordance with the workplan previously reported to the Committee:-

Governance

1. Governance Documentation – copies of Constitution, Standing Orders and Procurement Regulations, Delegated Powers and evidence that these have been reviewed as part of ALEO Board structures (e.g. through minutes)
2. Staff Welfare and Performance Appraisal during COVID-19 - assurance around staff welfare arrangements during COVID and confirmation that performance appraisal has continued to operate during the pandemic, particularly how this has been applied to furloughed staff.
3. Data Protection - assurance that the following are in place:
 - Policy and procedures which cover Data Protection (including breach handling and data protection rights requests) – in place (y/n) and date when last reviewed
 - Appropriate Privacy Notices – in place (y/n) and date when last reviewed
 - Appropriate Training for staff which covers DP – y/n and date(s) when last delivered

Finance

1. Copies of any papers provided to each ALEO's Board on their quarterly financial position
2. Any financial resilience papers that were prepared to support decisions made to manage each ALEO's financial position.

Risk and Resilience

1. Risk register and evidence that it has been reviewed and updated. If EU Exit risks have been closed off, evidence of this. Reference to recruitment of EU nationals (process) and any risks remaining.
2. Internal and external audit plans and evidence of the process for monitoring and completing internal and external audit recommendations.
3. Confirmation that provision is made for the testing of business continuity plans and confirm the process for doing this; confirmation of any lessons learned from the activation of business continuity plans over the last 12 months; evidence that business continuity plans have been updated in the last 12 months i.e. to reflect lessons learned, changes in working/operational processes.
4. Details of any arrangements in place to support the Council with meeting its obligations as a Category 1 responder under the Civil Contingencies Act and in pursuit of the PREVENT strategy (preventing people becoming terrorists or supporting terrorism).

- 3.4 The Hub's assessment of each ALEO, based on the information returned, has been attached within the summary report at **Appendix B**. The Assurance Standards and Risk Ratings are set out at **Appendix A**. **Appendices C-G**

provide a summary of requests to and responses from, each ALEO, along with a breakdown of risk ratings.

- 3.5 ALEOs have provided some assurance in respect of their awareness of the Council's civil contingencies duties under the Civil Contingencies Act and associated guidance. Both Aberdeen Sports Village and Sport Aberdeen have supported the Council over the winter period by making their venues available for use as reception centres. A recent development session arranged for the Board of Bon Accord Care (BAC) included a presentation on civil contingencies, particularly the Council's obligations and ways in which BAC could support the Council and also be sufficiently prepared for their own emergency response. The participation of all ALEOs in the Council's COVID-19 Incident Management Team provided further evidence of the benefits of close working to both the Council and the ALEOs. It is intended to build on this by including ALEOs in training and exercising sessions planned internally on resilience arrangements and processed. This will include content on PREVENT as part of the Delivery Framework for the CONTEST Strategy which vests responsibilities in local authorities to reduce the risks of threat of terrorism to the UK. ALEOs will continue to keep under review their arrangements for emergency decision-making and business continuity.

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	Ability of ALEOs to	(M)	The Assurance Hub

Risk	support the Council in meeting its strategic outcomes.		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)	<p>Commercial and Procurement Services has reviewed ALEO service level agreements to ensure they remain robust and fit for purpose.</p> <p>The Strategic Commissioning Committee has oversight of how ALEOs are achieving Council outcomes and 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 Regulatory and Compliance 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</p>

			Committee on ALEOs' management of this risk.
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 performance or financial risk on reputation of ACC.	L	Regular reporting to 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 – Assurance Standards and Ratings

Appendix B – Summary of ALEO Risk Ratings

Appendix C – Aberdeen Heat and Power

Appendix D – Aberdeen Performing Arts

Appendix E – Aberdeen Sports Village

Appendix F – Bon Accord Care

Appendix G – Sport Aberdeen

11. REPORT AUTHOR CONTACT DETAILS

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