

ALEO GOVERNANCE HUB SPORT ABERDEEN

ABERDEEN, 17 June 2015. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick Murdo MacBeath (Democratic Services), Chairperson; and Neil Buck (IT and Transformation), Jeff Capstick (Human Resources), Paul Dixon (Finance), Andrew Jones (Policy, Performance and Resources), Joan McCluskey (Commercial and Procurement Services) and Martyn Phillips (Human Resources and Organisational Development); and Jill Franks, Donald Mackie, Alistair Robertson and Duncan Sinclair (Sport Aberdeen).

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

Apologies: Mary Agnew (Human Resources and Customer Service), Euan Couperwhite (Policy, Performance and Resources) and Nickie Scorgie (Sport Aberdeen).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
1.	Chair's Opening Remarks	N/A	<p>The Chair opened the meeting and welcomed Hub members and representatives from Sport Aberdeen (SA) and he explained that the Governance Hub would meet biannually with the next meeting in December and that today's meeting would provide high level scrutiny of SA and that two areas identified from the meeting for further development would be investigated in a more extensive and targeted manner at the December meeting.</p> <p>The Chair then advised that the purpose of the Governance Hub was to put in place reporting arrangements in which each ALEO's performance would be scrutinised in areas of financial performance; service</p>	N/A	N/A

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			<p>performance; the management of risk and contractual compliance in order to provide assurance to the Council. In addition to this he also provided a summary of the two outstanding audit recommendations from the Audit, Risk and Scrutiny Committee.</p> <p>The Chair then explained how the meeting would proceed and he advised that the Hub would adopt a standardised approach of high level scrutiny for all four of the ALEOs this cycle and would take care not to infringe upon the remit of the ALEO Boards. He further elaborated that each ALEO had been scrutinised for between ten and fifteen minutes by a Hub member representing a service from Corporate Governance and then by a Service representative; in this case a representative from Education and Children’s Services for between fifteen and twenty minutes.</p> <p>The Chair further advised that the minute from today’s meeting would be submitted to the Council’s Audit, Risk and Scrutiny Committee on 25 June and the Education and Children’s Services Committee on 3 September. Thereafter, those present at the meeting introduced themselves.</p>		
Financial Governance					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible

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2.	Approved Financial Procedures	<p>(a) Financial Procedures (27 January 2014); and</p> <p>(b) Funding and Services Agreement - Sample Structure.</p>	<p>Paul Dixon (Accounting Manager, ACC) introduced the Financial Governance section and advised that he sought assurance on the robustness of SA's financial procedures. Mr Dixon enquired about the measures SA had taken to mitigate against the risk that core funding could be reduced due to ongoing austerity measures: Donald Mackie (Financial Performance Manager, SA) advised that the risk of a 5% cut of funding had been captured in their Risk Register and they worked constructively with the Council's Head of Finance. He added that since SA had been formed, there had been a £1.2million reduction in grant support from ACC, however due to proactive measures put in place, this deficit was covered by £1.5million from other income streams.</p> <p>Alistair Robertson (Managing Director, SA) elaborated that the Business Plan was updated as and when financial information became available and there was an ongoing review of growth bids and efficiencies that could be delivered and they were mindful that budgetary decisions aligned with the principles set out in the Funding and Services Agreement. Mr Robertson elaborated that the Board approved the Business Plan in September and the Council approved the plan in February but explained that it remained a live working document. He added that SA</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p> <p>(ii) to otherwise note the information provided.</p>	<p>Officer(s)</p> <p>Paul Dixon</p>

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would continue to develop new funding streams with a focus on sponsorship; health and fitness and growth markets in order to be less reliant on core funding from the Council. Mr Dixon replied that he was satisfied by this approach and thanked the respondents for their full answer to his query.

With reference to SA's Financial Procedures: Mr Mackie advised that the procedures were updated on an ongoing basis and had been reviewed by the Board in January 2015 with only minor changes recommended. Mr Robertson added that the strategic Financial Regulations and operational Financial Procedures were reviewed by their Corporate Governance Committee on an annual basis or after a significant event had precipitated a change in conditions.

Mr Dixon enquired if report authors outlined financial implications in their reports to the Board: Mr Robertson advised that the majority of report authors were members of the Senior Management Team (SMT) and they ensured that the Financial Performance Director had been consulted before submission to the Board. They also ensured where necessary, that the Chairman of the Corporate Governance Committee had been consulted before reports were submitted to the Corporate Governance Committee or

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			<p>Board. He added that the Board Report Template attached under Item 3d of today's agenda demonstrated the prominence of position assigned to Financial Implications in Board reports.</p> <p>With reference to the reporting arrangements of Annual Accounts and other financial reports: Mr Mackie advised that financial reports were submitted to the Corporate Governance Committee six times a year and were also submitted to the Board; and he briefly summarised the business planning procedure that required a three month consultation period with ACC before final approval from the Board and by ACC. He also highlighted that their Trustees Report had been adopted at their Annual General Meeting in September 2014.</p>		
Risk Mitigation and Management					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
3.	Business Continuity Plans	Business Contingency Plan.	Neil Buck (Performance and Risk Manager, ACC) introduced the Risk Mitigation and Management section and outlined the criteria he expected to be met. He explained that the scrutiny of SA would be high level and would focus on two main areas: the management and mitigation of risk and the robustness of their performance management framework.	<p><u>The Hub resolved:-</u></p> <p>(i) to request an update on SA's development of a Core Business Continuity Plan;</p> <p>(ii) otherwise to note the report; and</p> <p>(i) note the information provided.</p>	Neil Buck

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			<p>Mr Buck explained that the Hub sought a level of assurance from SA that they had proper systems and processes in place and that they were effectively managing and mitigating their own risk and risks to the Council. He also advised that he would scrutinise their Performance Management Framework; concentrating on how performance was measured and evaluated and how it linked with their priorities and outcomes as well as those of the Council.</p> <p>With reference to testing of the Business Contingency Plan: Jill Franks (Business Development Director, SA) advised that they used the same IT system as ACC and were subject to ACC's testing regime and she explained that their IT system was scheduled for testing next weekend. Ms Franks explained that there was no contingency plan in place if their HQ or core business was not operational and acknowledged that they needed to develop procedures in this area. Alistair Robertson further added that SA had investigated further integration with ACC's civil contingencies and could provide venues for events such as large scale evacuations.</p>		
4.	Current Risk Register	Sport Aberdeen's (SA) Risk Register.	Neil Buck highlighted that SA's Risk Register looked to be comprehensive and he welcomed the use of the traffic lighting system and he noticed that there were a number of red risks in the register and he	<u>The Hub resolved:-</u> (i) to request an update on the insertion of risk review dates into their	Neil Buck

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			<p>enquired how often risks were reviewed and asked if they had a broader risk management statement or policy: Jill Franks explained that risks were considered at SMT and at Board meetings but no changes had been made to red risks recently. She advised that they would consider the insertion of dates to highlight when risks had been reviewed in order to provide greater clarity.</p> <p>Ms Franks further explained that the development of a broader risk management policy was on their to do list and she stated that there was a process in place to identify risks at an early stage but this was not outlined in a policy format. Alistair Robertson advised that the Risk Register was a standing item on the Board's and Corporate Governance Committee's agendas and SA had developed emergency business procedures for high level risks.</p>	<p>(ii) Risk Register; to request an update on the development of a broader Risk Management Policy or Statement;</p> <p>(iii) otherwise to note the report; and</p> <p>(iv) note the information provided.</p>	
5.	Annual Business Plan and Performance Framework	<p>(a) Business Plan 2015/16 – 2017/18;</p> <p>(b) Business Plan Preparation Matrix; and</p> <p>(c) Performance Framework.</p>	<p>Neil Buck highlighted that SA's Performance Management Framework looked comprehensive and he asked how frequently performance was reported to the Board and if they benchmarked: Duncan Sinclair (Operations Director, SA) advised that KPI's on operational performance and accounts were reported on a monthly basis and business planning was reported to the Board; the Corporate Governance Committee; the Business</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p> <p>(ii) to otherwise note the information provided.</p>	Neil Buck

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			<p>Development Committee and to ACC on a quarterly basis.</p> <p>Mr Sinclair confirmed that SA benchmarked on certain aspects of their performance such as aquatics; and health and fitness commercial performance and he added that they were at an early stage of benchmarking on property and assets and golf performance. He further explained that they had joined networking groups to progress and strengthen these aspects of performance reporting.</p>		
6.	External and Internal Inspection Structure with Outstanding Recommendations	<p>(a) Internal Audit Strategy 2015 – 18; and</p> <p>(b) External Audit Progress Report (3 October 2014).</p>	<p>With regards to Outstanding Audit Recommendations: Mr Robertson advised that SA had an internal auditor in place and progress made against these recommendations were submitted to the Board. He added that there were some outstanding actions for ACC; however these would be picked up with a wider review of the Funding and Services Agreement in order to better reflect SA's increased scope and development and to refine key outputs and outcomes.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p> <p>(ii) to otherwise note the information provided.</p>	Neil Buck
Decision Making					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
7.	Board Structure and Sub Committees with Remit and	<p>(a) Board and Committee Organisational Structure;</p> <p>(b) Committees of the Board Appointments for 2015;</p>	<p>The Chair (Senior Democratic Services Manager, ACC) spoke to the Decision Making section and with reference to the effectiveness of the Board's membership</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports; and</p>	Roderick MacBeath

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	<p>Membership</p>	<p>(c) Person Specification for Board Membership (July 2013); (d) Board Trainers Report (24 September 2014; and (e) 2015 Schedule for Board and Committee Meetings.</p>	<p>and structure he asked what mechanism SA had in place to enhance the capability of Board members and the steps they would take if a skills gap had been identified: Jill Franks advised that SA had sought permission from ACC to expand the membership of the Board to cover as many fields of expertise as possible. She added that they had conducted robust assessments for selection onto the Board and had established a system of co-option for sub-committees in order that they received advice in areas such as HR from those with professional expertise.</p> <p>Ms Franks further advised that they had developed a skills matrix to review the skills set of Board members and found that the Board had extensive business and commercial expertise. Alistair Robertson added that they also had a trained solicitor on the Board who could provide legal advice on matters such as the dispute between trade unions and SA.</p> <p>The Chair asked if SA considered the gender balance of the Board to be a risk: Mr Robertson explained that he didn't view this as a risk and they always sought the best people for the role regardless of gender and he felt that the process was open and transparent as they had advertised on their website and in the local press. He advised that they would look at ways such as out of hours Board meetings</p>	<p>(ii) to otherwise note the information provided.</p>	
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			to encourage more nominations from women and those with disabilities in order for the Board to be as representative as possible.		
8.	Constitution and Delegations	<ul style="list-style-type: none"> (a) Memorandum and Articles of Association; (b) Terms of Reference for SA's Corporate Governance Committee; (c) Terms of Reference for the Business Development Committee; (d) Terms of Reference for HR and Organisational Development Committee; (e) Company Scheme of Delegation (6 March 2015); (f) Senior Management and Business Cluster; (g) Operations Division Operational Structure; (h) Business Development Division Organisational Structure; (i) HR Organisational Structure. 	<p>The Chair explained that reference had been made in an audit report to inconsistent approaches adopted by ALEOs with regards to ACC officer attendance at ALEO Board meetings. The Chair asked if ACC officers were welcome to attend SA Board meetings; and that they received agenda papers in advance and had the opportunity to speak at meetings: Alistair Robertson explained that an invitation was delivered to the Council as a matter of course and the Director of Education and Children's Services had attended Board meetings in the past. He added that agenda papers were sent in advance and Council officers could speak at meetings; although he queried if this was the best use of officer time as SA produced a significant amount of paperwork.</p> <p>The Chair recommended that SA liaise with the Clerk of the Governance Hub and he would ensure that the relevant reports were cascaded to the appropriate Council officer(s). The Chair added that the ACC Chief Executive had nominated a lead officer for each ALEO and they would represent their Council Service at Board meetings. Mr Robertson welcomed this</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to request that SA liaise with the Clerk to ensure that relevant reports were cascaded to the appropriate Council officer(s); (ii) otherwise to note the reports; and (iii) note the information provided. 	Roderick MacBeath

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			increased engagement and was happy to accept a more formal reporting arrangement.		
9.	Report Template for Board and Sub Committees	Board meeting agenda template.	The Chair stated that the documents submitted were satisfactory.	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to otherwise note the information provided.	Roderick MacBeath
HR Compliance and Best Practice					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
10.	Sickness Management	Maximising Attendance Policy (February 2014).	<p>Jeff Capstick (HR Manager) spoke to the HR Compliance and Best Practice section and enquired about SA's Sickness Management approach: Jill Franks advised that they had a robust Maximising Attendance Policy which documented that sickness management began at induction and mandated that managers received refresher training to keep their knowledge up to date and to strengthen their decision making capabilities.</p> <p>Ms Franks elaborated that their HR Manager co-ordinated the reporting process and results were reported on a monthly basis and were fed back to line managers. She added that sickness management was a standing item on the Board's agenda and these reports fed into KPIs and informed business planning.</p>	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to otherwise note the information provided.	Jeff Capstick

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11.	Conduct and Capability Procedures	Managing Performance Policy (February 2014).	<p>With reference to Conduct and Capability: Alistair Robertson advised that their HR documents were live documents and updated on an ongoing basis and he highlighted that recent changes had been made to the Induction Pack.</p> <p>Mr Robertson confirmed that SA conducted job evaluations and he iterated that they placed an emphasis on upskilling and people development to ensure that competent people were recruited and retained. He further explained that it was the remit of the HR Manager to manage culture change after ACC staff had transferred to SA and to promote the professional development of staff. He added that it was also the HR Manager's responsibility to ensure that SA complied with their legal obligations as an employer and highlighted recent regulatory changes to holiday pay as an example of this.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the report; and (ii) to otherwise note the information provided.</p>	Jeff Capstick
12.	Staff Engagement Strategy	Employee Engagement Strategy (February 2014).	<p>With reference to the Staff Engagement Strategy Jeff Capstick enquired about the findings of the latest staff survey: Alistair Robertson advised that staff were concerned about the uncertainty surrounding SA particularly with regards to the variability of terms and conditions when ACC staff transferred to SA. He added that although they had achieved a harmonised position over the previous two years the issue had left a legacy. Mr</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the report; and (ii) to otherwise note the information provided.</p>	Jeff Capstick

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			Robertson also highlighted that staff had raised concerns about their IT system particularly in relation to poor broadband connection speeds.		
13.	Health and Safety Compliance	Health and Safety Policy (March 2015).	<p>Martyn Phillips (Health and Safety Advisor, ACC) spoke to the Health and Safety Compliance section and he enquired about SA's main health and safety risks: Alistair Robertson highlighted the deterioration of assets and property and he explained that stock and facilities transferred from ACC were outdated and their durability was monitored on an ongoing basis. He elaborated that the outcome of the extensive tendering process would be reported to both the Corporate Governance Committee and the Board at the beginning of July and this would allow the replacement of outdated health and fitness equipment. Mr Robertson also confirmed that SA had an Occupational Health provider in place and was available for staff use.</p> <p>Duncan Sinclair advised that the competency of staff was an important health and safety concern and all staff completed a health and safety induction and were tested for competence on an ongoing basis. With regards to lifeguards: they were subject to more rigorous testing such as minimum training requirements that involved frequent on the spot competency checks. He also advised that</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to request an update on the development of SA's Health and Safety Objectives;</p> <p>(ii) otherwise to note the report; and</p> <p>(iii) note the information provided.</p>	Mary Agnew/ Martyn Phillips

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			<p>SA had not used agency staff for a period of time but contractors; grounds maintenance staff and volunteers all had to complete the same health and safety training as employees on top of any additional role specific training.</p> <p>Mr Robertson acknowledged that their Health and Safety Objectives were underdeveloped but they were currently being updated by the Health and Safety Committee. He added that a representative from industry experts QLM had attended Committee meetings to advise the Committee on the development of more robust objectives and they had also made an annual presentation to the Board. He further advised that SA conducted their own Self Assessments on an annual basis and health and safety compliance was scored and procedures were revised accordingly.</p>		
Commercial Compliance and Best Practice					
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
14.	Procurement Regulations and Procedures	Commercial Compliance Financial Regulations (February 2015).	Joan McCluskey (Corporate and Procurement Manager, ACC) introduced the Commercial Compliance and Best Practice section and stated how public money was spent was very important and subject to changing legislation and regulations from Scottish Government and the EU and it was essential that	<p><u>The Hub resolved:-</u></p> <p>(i) to advise and support SA in their development of robust procurement procedures to satisfy regulations and</p>	Joan McCluskey

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			<p>procurement procedures were in line with legislation. She added that the three overriding principles that should inform procurement regulations and procedures were fairness, openness and transparency. Ms McCluskey enquired about how procurement procedures were made available to staff:</p> <p>Alistair Robertson advised that SA had a Scheme of Delegations that outlined the thresholds for procurement. He added that low value services could be procured by Principal Budget Holders and explained that SA tended to use preferred suppliers.</p> <p>Ms McCluskey asked if their procurement procedures were as transparent as they could be if SA used preferred suppliers: Mr Robertson advised that they were reviewing their procedures and regulations in order to improve transparency particularly with regards to low level procurement. Jill Franks further advised that they used Public Contracts Scotland for high cost contracts and she felt that this mechanism had helped improve transparency.</p> <p>Ms McCluskey enquired if SA produced a Contracts Register and forward planned: Ms Franks explained that they had maintained a list of suppliers and they were currently in the process of developing a more fit for purpose IT</p>	<p>reporting arrangements set out in the Procurement Reform (Scotland) Bill (2014);</p> <p>(ii) otherwise to note the report; and</p> <p>(iii) note the information provided.</p>	
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system that would support the development of a more transparent procurement system. She added that SA had forward planned their contracts particularly for high value tenders and they had received best practice guidance through their membership of the Strategic Finance Group.

To conclude, Ms McCluskey asked if SA were aware of the Procurement Reform (Scotland) Bill (2014) and the impact it would have on how services were procured and their reporting arrangements. She added this was the nucleus of her scrutiny to provide assurance that a Contracts Register; sustainable procurement practices and forward planning would be developed by SA before the act came into force: All the representatives of SA were aware of the legislation but confirmed that no concrete plans were in place as they were waiting on more definitive guidance. Mr Robertson assured the Hub that SA would have a Contracts Register and a Forward Plan in place before the act came into force and he welcomed input from ACC colleagues on their development. He further added that SA had a proven record of compliance and he pointed to their compliance with Freedom of Information (FOI) legislation.

Operational Performance

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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Responsible Officer(s)
15.	Operational Performance	Funding and Service Agreement (2010)	<p>Andrew Jones (Policy, Performance and Resources, ACC) spoke to the Operational Performance section and asked how well SA had performed against their principle objectives: Alistair Robertson advised that they had largely performed well against the seven objectives outlined in their Business Plan and he highlighted strong performance in areas such as increasing participation and engaging with hard to reach groups. Jill Franks elaborated that SA had successfully identified new funding streams and would continue to drive their aspiration to have Aberdeen recognised as a sports city.</p> <p>Duncan Sinclair further added that service user feedback had largely been positive and he explained that service user satisfaction and operational performance would be collated on a performance scorecard that would making performance reporting more accessible. Ms Franks added that SA had commissioned an external consultant to conduct non-user research to broaden the scope of the organisation and open up new markets.</p> <p>With regards to ensuring compliance with their charitable status: Mr Robertson advised that their approach was detailed in their Service Plan and he explained that trustees had participated in a Governance</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to request an update on how SA had supported SOA priorities and outcomes and their position within the Community Planning Framework;</p> <p>(ii) otherwise to note the report; and</p> <p>(iii) note the information provided.</p>	Euan Couperwhite/ Andrew Jones

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			<p>Training Program that outlined their obligations as charity trustees; and the Board received refresher training on an annual basis. Ms Franks added that internal auditors helped to ensure financial compliance and external auditors had scrutinised their compliance with charitable status in previous audits. Ms Franks further advised that they reported annually to the Office of the Scottish Charity Regulator (OSCR).</p> <p>With regards to how their service planning linked with the SOA and the Community Planning Framework: Mr Robertson explained that they had not been as engaged as he would have liked and he wanted SA to be deeper integrated into a wider network and framework and he highlighted public health and wellbeing as an area they would look to become more involved in.</p>		
16.	Chair's Closing Remarks	N/A	<p>The Chair reiterated that the minutes from today's meeting would be submitted to the Audit, Risk and Scrutiny Committee on 25 June and to the Education and Children's Services Committee on 3 September. He explained that a report which focussed on service performance would also be submitted to the Education and Children's Services Committee.</p> <p>Alistair Robertson thanked the Chair for the opportunity to be part of the</p>	N/A	N/A

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			<p>Governance Hub process and welcomed the Hub as an appropriate forum to develop contacts and build productive working relationships between officers of the two bodies. He added that increased engagement would further support effective planning and the delivery of services and highlighted that he wanted SA to be seen as an asset to the Council.</p> <p>The Chair concurred with these remarks and thanked the SA representatives for their attendance and contributions and brought the meeting to a close.</p>		
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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