

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	9 March 2016
DIRECTOR	Richard Ellis
TITLE OF REPORT	ALEO Governance Hubs
REPORT NUMBER	CG/16/027
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

1.1 This report summarises the significant matters raised at the December 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;
- (3) Notes that the Governance Hub will begin meeting quarterly during 2016 and will commence scrutiny of tier 2 ALEOs in May; and
- (4) Refers the individual minutes, with a specific covering report to be prepared by the responsible Head of Service, to the appropriate service committee to consider ALEO 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 review schedule introduced following the most recent review of the operation of the Governance Hub comprised biannual meetings, initially involving the four main tier 1 ALEOs (Aberdeen Exhibition and Conference Centre Ltd, Aberdeen Sports Village Ventures Ltd, Bon Accord Care Ltd and Sport Aberdeen). The timetable for the December 2015 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 Following a recent audit report into ALEO governance, the Chief Executive has asked that the cycle be held on a quarterly basis and this will be introduced this year; the next round of Hubs will be held in May and the following cycle in August, and this process will lead to a contraction of that shown in Appendix 1.

5.3 Beginning with the May 2016 round, it is also intended that consideration will be given to tier 2 ALEOs (Aberdeen Performing Arts, Aberdeen Heat and Power Company Ltd and Garthdee Alpine Sports).

5.4 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.

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

Aberdeen Sports Village – Appendix 2, 7th December, 2015

- Outstanding audit recommendations being reviewed by ASV senior management team
- Business continuity procedures being revised and would require to be retested following recent incident
- Proposals by ASV to increase number of board members resisted by Council; to be discussed at January ASV Partnership meeting
- Meeting to be arranged to discuss statutory compliance with new procurement legislation
- Implications of reduction in core funding planned for
- Staff increments/turnover/Living Wage/Zero Hours contracts
- Temporary closure of 25m pool
- Phase Three development to be ready to go to tender in late January
- New KPIs to be added to performance management framework
- Management of complaints and staff absence/use of monthly performance data
- Falling swimming pool use
- Commonwealth Games legacy – increase in para sports use, fall in child participation

- Fall in energy use/establishment of ASV Energy Sub Group
- Training of casual staff
- Balancing needs of clubs and service users

Aberdeen Exhibition and Conference Centre – Appendix 3, 8th December 2015

- Business Plan for 2016/17 to be submitted to Board in spring, challenging year expected, difficulties in forecasting revenue from entertainment events, staff headcount expected to reduce
- Analysis of strengths and weaknesses of Board members
- Meeting to be arranged to discuss statutory compliance with new procurement legislation
- Business continuity planning/aspiration for ISO accreditation
- Implications of reduction in core funding planned for
- Casual staff/Living Wage
- Risk Register not updated since October 2014 – risk workshop now scheduled, new venue implications discussed
- New venue considerations – ongoing programme of events, staff morale, tendering plans
- No up to date SLA in place, two years since last reviewed, discussions ongoing

Bon Accord Care – Appendix 4, 8th December, 2015

- Bespoke financial procedures to be developed during 2016
- Procurement policy revised, further changes necessary to comply with new procurement legislation, meeting to be arranged to discuss compliance
- Extent to which internal audit procedures sufficiently independent, associated risk and need for impartiality/ internal audit performance
- Health and safety performance, no facility scoring above 75%
- New health and safety policy and action plan being developed to comply with HSE guidance, to be in place prior to May Hub meeting
- Risk Register standing item on each Board agenda
- Possible reduction in core funding not issue as BAC receives funding for services delivered in terms of contract, difficulties arising from Council being unable to determine categorically short/medium term funding
- £1m efficiency savings made, profit of £52,000 to be recorded for 2015/16
- SLA constrains development of new funding streams
- Staff reduction in previous year, increment impact
- Proposed City Home Help trading company
- Pensions deficit
- Business Continuity Workbook reviewed annually, to be updated prior to May Hub meetings
- Service Performance Working Group to be established to review BAC performance reporting, provide more context and analysis and

recommend how reporting can be streamlined and improved, to assist BAC Board and provide increased assurance to Council

- Enablement programme – second tranche of training beginning
- Value for money/delivery of services exceeding contract

Sport Aberdeen – Appendix 5, 14th December 2015

- Draft Business Continuity Plan to be considered by Corporate Governance Committee in January
- Risk Management Strategy updated following internal audit recommendations and reflected best practice
- Assessment of strategic and operational risk, priority 2 recommendations by internal auditors actioned
- Business Plan 2016/17 – 2018/19 to be presented to Board in December, finalisation dependent upon confirmation of core funding by Council
- Strategic approach to health and safety/establishment of Health and Safety Committee
- Meeting to be arranged to discuss statutory compliance with new procurement legislation
- Swimming pool condition/impact on service delivery/overprovision in local market
- Community Planning Partnership framework, alignment with Single Outcome Agreement, lead role in Active Aberdeen Partnership
- Balancing swimming provision - high performance/grassroots services, impact of pool closures
- Discussions with Council on 25 year service provision agreement, long term planning benefits
- Performance management/benchmarking
- Business Plan 2016/17 assumptions - no reduction in core funding assumed
- Year End surplus of £30-50,000 forecast
- Implications of emergency repairs and maintenance of ageing property portfolio
- Biggest threats to Business Continuity, role of SA in civil contingency planning
- Possible role in Prevent Strategy

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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