

ABERDEEN CITY COUNCIL

COMMITTEE: Education and Children's Services

DATE: 8 September 2016

DIRECTOR: Gayle Gorman

TITLE OF REPORT: ALEO Governance Update: Aberdeen Sports Village

REPORT NUMBER: ECS\16\041

CHECKLIST COMPLETED: Yes

1. PURPOSE OF REPORT

- 1.1 To report to Committee the outcome of the most recent ALEO Governance Hub Committee meeting in relation to Aberdeen Sports Village (ASV).

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee agree to:
- (i) Note the contents of the minute of the ALEO Governance Hub committee meeting of 10 May 2016 in relation to Aberdeen Sports Village; and
 - (ii) Provide comment on any of the areas highlighted in the report.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications related to this report.

4. OTHER IMPLICATIONS

- 4.1 There are no other implications related to this report.

5. BACKGROUND/MAIN ISSUES

- 5.1 Aberdeen Sports Village is one of the Tier 1 ALEOs that are reviewed by the ALEO Governance Hub.

It was agreed that the minutes of each ALEO Governance Hub meeting relating to this organisation, where the Directorate operates as 'client service',

be submitted to the Education and Children's Service Committee for consideration of Members. At the Audit, Risk and Scrutiny Committee of 27 June 2016 it was agreed that a standard report template for all future ALEO covering reports would be established.

5.2 The minute of the ALEO Governance Hub meeting of 10 May 2016, which was considered at the Audit, Scrutiny and Risk Committee on 27 June 2016, is attached as Appendix 1 of this report. The key areas reviewed at the last ALEO Governance Hub were as follows:

- No ASV staff on zero hours contracts
- Welcome contributions by Council members on Board
- Would welcome role in community planning in the city in areas of sport, leisure and wellbeing
- Some perception amongst users that ASV is a service provided by the University of Aberdeen, not helped by minimal reference to ASV on ACC website (much fewer than SA references)
- No outstanding audit issues after most recent audit
- Informal civil contingency planning arrangements in place between ASV, ACC and University of Aberdeen – will be looked at further in development of revised business plan
- Process for appointing new chair and Board member to be submitted to next Board meeting on 10 June
- Contracts register to be published online before end of May
- Meeting with Procurement officers to be arranged to ensure compliance with new legislation
- High risk in risk register for not meeting sportscotland's funding requirements; relates to stakeholders being unable to commit to capital costs of Phase Three Development of 3G pitches; options analysis to be submitted to next ASV Partnership meeting
- Operating Agreement finalised after eight years of negotiation
- Health and safety documentation to be submitted to next hub meeting
- Financial year ran parallel to academic year; currently trading surplus of £254,000, in part due to senior positions being vacant
- Forecasts now more positive than in January 2016 performance report
- Maintenance costs mitigated as 3% of income reserved for improvement of assets and facilities

5.3 The Service response to the matters raised above are set out in the following paragraphs.

5.4 The vehicle through which sports and leisure providers will play a significant part in the Community Planning Partnership is through the Active Aberdeen Partnership, of which the ASV is a key member. It is noted that following the resignation of the previous Chairperson, ASV have yet to appoint a permanent successor, however there is an acting Chairperson in post and it is hoped that a new Chairperson will be appointed shortly.

- 5.5 The joint partnership between the Council and the University of Aberdeen, which owns the ASV, meet formally at officer level every quarter to review performance and operational matters. In addition to this arrangement, the Chief Executive of ASV meets with representatives from the Council and the University to discuss operational matters that require partner input.

6. IMPACT

Improving Customer Experience

- 6.1 Scrutiny of ALEO performance supports the priorities of providing public access to sport and leisure facilities and improving the experience of those who rely on these services by evidencing the ALEO's capacity, required in contract terms, to deliver against both the City's strategic objectives and specific service delivery KPI measures.

Improving Staff Experience

- 6.2 The manner in which the Hub operates allows the Directorate to enhance corporate scrutiny of high level service delivery through the sharing of knowledge, within areas of its own expertise, with other senior managers which will increase the confidence of Hub officers in addressing the more detailed operational aspects of provision against contract for each ALEO.

Improving our use of Resources

- 6.3 The on-going programme of joint Partnership meetings, involving the Directorate, the University of Aberdeen and Aberdeen Sports Village, maintains a watching brief over the effective and efficient use of resources that the Directorate is responsible for dispersing.

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.

Public

- 6.5 There are no direct recommendations arising from this report, although there is likely to be public interest in the scrutiny of the performance of ALEOs against contract, particularly as the content of this report reflects on the delivery of local services.

7. MANAGEMENT OF RISK

7.1

The output of the ALEO Governance Hub is reported to the Audit, Risk and Scrutiny Committee to provide assurance to the Council that risks are being managed and mitigated in an appropriate way, with particular focus on risk management, financial management and governance arrangements. The output is also reported to this Committee for scrutiny of the ALEO's operational performance and how this performance is meeting the Service's agreed outcomes.

8. BACKGROUND PAPERS

- 8.1 Minute of the ALEO Governance Hub Meeting, 10 May 2016 ALEO Governance Hubs, Audit, Scrutiny and Risk Committee, 27th June 2016

9. REPORT AUTHOR DETAILS

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ALEO GOVERNANCE HUB ABERDEEN SPORTS VILLAGE

ABERDEEN, 10 May 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Human Resources and Customer Service), Neil Buck (IT and Transformation), Jeff Capstick (Human Resources and Customer Service), Euan Couperwhite (Policy, Performance and Resources), Paul Dixon (Finance) and Joan McCluskey (Commercial and Procurement Services); and Jan Griffiths (Sports Development Manager), Ludi Metelski (Head of Operations Manager), Duncan Sinclair (Chief Executive) and Jane Thomson (Health and Safety Development Manager) (Aberdeen Sports Village Ventures Ltd (ASV)).

Also in attendance: Iain Robertson (Clerk), Jess Anderson (Legal Services) and Mark Johnstone (Audit Scotland).

Apologies: Sue Stephenson (Finance Manager, ASV).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	The Chair opened the meeting and explained that meetings of the Governance Hub would now be held on a quarterly basis and the Clerk advised that the Council was currently undertaking a review of its governance documents, procedures and arrangements and as part of this review all stakeholders in the ALEO governance process would be invited to take part in a 360 survey to provide their feedback on the current arrangements for ALEO governance and how these could be strengthened to provide greater assurance to the Council and enhance future engagement with ALEOs.	<u>The Hub resolved:-</u> to note the information provided.	N/A
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)

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2.	Internal Audit Report on ALEO Governance	Internal Audit Report on ALEO Governance dated February 2016.	The Chair advised that the purpose of the report was to review the governance arrangements in place between the Council and its ALEOs, including the determination of sources of assurance with regards to risk management, internal controls, staff and information governance. The Chair then summarised the report and outlined what progress the Council had made with regard to the report's recommendations.	The Hub resolved:- (i) to note the report; and (ii) to note the information provided.	R MacBeath
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
3.	Local Government and Regeneration Committee Report on ALEO Governance	Scottish Parliament Local Government and Regeneration Committee Report on ALEO Governance dated March 2016.	<p>The Chair advised that the purpose of the report had been to examine if ALEOs were the most efficient and cost effective way of delivering public services or a way to shift accountability for the delivery of public services. He added that the report focussed on the role of ALEOs in the delivery of public services; the Local Authority governance arrangements for ALEOs; and the accountability of ALEOs to Local Authorities and the communities they provide services to. Arising from the issues raised in the report, the Chair asked a number of questions.</p> <p>The Chair noted that the committee had highlighted ALEOs use of zero hours contracts and he asked if ASV employed any staff under zero hour contracts. Jan Griffiths (Sports Development Manager, ASV) advised that a number of staff were</p>	The Hub resolved:- (i) to note the report; (ii) to note the information provided; and (iii) to note that the Chair would raise with Communications colleagues issues around ALEO services on the Council website.	R MacBeath

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			<p>employed on casual contracts and there were no restrictions on staff working elsewhere and no obligation for them to accept hours when offered. At this point Jeff Capstick (HR Manager, ACC) confirmed that these were casual contracts and not zero hour contracts.</p> <p>The Chair enquired if ASV welcomed the contributions from Councillors on the ASV Board. Duncan Sinclair (Chief Executive, ASV) informed the Hub that he had no issue with the effectiveness of Councillors on the Board and welcomed their contributions.</p> <p>The Chair enquired if ASV had a role in the community planning process. Duncan Sinclair advised that they were not currently represented but would welcome greater involvement in the development of sport, leisure and wellbeing across the city to ensure that ASV's decision making was not being made in isolation.</p> <p>The Chair asked what ASV's approach to branding was and if they found that there was still a perception that ASV was a Council or University of Aberdeen service. Duncan Sinclair explained that all ASV partners were represented equally in branding materials but they actively promoted ASV as an autonomous entity. He added that there was some perception</p>		
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			<p>that ASV was a service provided by the University of Aberdeen. Mr Sinclair also advised that he found few references on the Council's website to Aberdeen Sports Village's role as a partner to the Council in comparison to Sport Aberdeen and he requested that the Council's website be reviewed. The Chair advised that he would raise this issue with colleagues from the Communications Team.</p> <p>The Chair asked if ASV benchmarked their performance against comparable organisations. Duncan Sinclair explained that ASV will use Data Hub, a national performance network, allowing them to access performance information from a range of commercial and ALEO/trust operators in the leisure and wellbeing sector. He also highlighted that ASV were members of UK Active, an organisation which aimed to co-ordinate leisure operators and strategic partners to promote active lifestyles and he added that ASV were expecting their first performance report to be produced soon.</p> <p>The Chair advised that the Community Empowerment Act included provisions to ensure the greater involvement of local communities in the shaping and delivery of public services. To this point Duncan Sinclair asked if the Act defined the extent of a local community as 30% of ASV</p>		
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			<p>emergency and civil contingency planning. Jane Thomson advised that informal arrangements were in place between ASV and ACC and the University of Aberdeen and that this issue would be looked at further during the development of the revised business continuity plan.</p> <p>With reference to item 2 (ASV Board Composition) Duncan Sinclair advised that Professor Mike Greaves remained in place as the interim Chair of the Board and that a process for appointing a new Chair and Board member would be submitted to the Board's next meeting on 10 June 2016.</p> <p>With reference to item 3 (Commercial Compliance) Joan McCluskey (Corporate Procurement Manager, ACC) informed the Hub that she had met with representatives from ASV on 23 March 2016 to discuss the statutory requirements of the Procurement Reform Act. She noted that ASV had produced a Contracts Register and asked if this had been published online. Duncan Sinclair explained that the register required further development but aimed to publish it online before the end of May 2016.</p> <p>Ms McCluskey enquired if ASV's financial procedures had been updated to take into account the new procurement legislation. Duncan Sinclair advised that he would</p>	<p>(v) to request an update on the publication of ASV's Contracts Register;</p> <p>(vi) to request that ASV contact the Council's Commercial and Procurement Services team to discuss their compliance with the regulated procurements, fair working practices and commercial sustainability provisions of the Procurement Reform Act;</p> <p>(vii) to request an update on ASV's Phase Three Development; and</p> <p>(viii) otherwise note the information provided.</p>	<p>J McCluskey</p> <p>J McCluskey</p> <p>E Couperwhite</p>
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			<p>consult his Finance Manager who had sent her apologies for today's meeting and he would provide a response ahead of the Hub's next meeting.</p> <p>Ms McCluskey explained that fair working practices and commercial sustainability were key provisions of the new legislation and she advised that public sector bodies should encourage contractors to pay the Scottish Living Wage to their staff. Duncan Sinclair highlighted that ASV pay their staff the Scottish Living Wage and noted that he would welcome guidance from the Commercial and Procurement Services team on how they could persuade contractors to adopt best practice and pay staff the Scottish Living Wage.</p> <p>With reference to item 4 (ASV Phase Three Development) and item 5 (Risk Register) Neil Buck noted that ASV's risk register had assigned a high risk to not meeting sportscotland's funding requirements and asked if this was a recent development. Duncan Sinclair explained that this risk was related to the Phase Three Development which would add 3G pitches and new accommodation to ASV's existing facilities, and at present this development was on hold as stakeholders could not commit towards the capital costs of the project. He added that as a result of this, not meeting</p>		
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			sportscotland's funding requirements was a risk. Mr Sinclair advised that he would present an options analysis on plans for alternate courses of actions at the next ASV Partnership meeting. He informed the Hub that scaling back or reducing service provision had not been added to their risk register yet but would be considered if further efficiencies were required.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
6.	Operating Agreement	Operating Agreement between Aberdeen Sports Village Ltd, Aberdeen City Council and the University of Aberdeen dated 13 November 2015.	<p>Euan Couperwhite (Head of Policy, Performance and Resources, ACC) welcomed the Operating Agreement and advised that the agreement had been finalised after eight years of negotiation between ASV, ACC and the University of Aberdeen. Mr Couperwhite also confirmed that the agreement took into account recent changes to service provision such as the phase two development of the Aquatics Centre.</p> <p>Mary Agnew (Health, Safety and Wellbeing Manager, ACC) referred to the health and safety requirements within the Operating Agreement and requested copies of ASV's Health and Safety Policy with KPIs, annual health and safety report and minutes from a recent Health and Safety Committee with an explanation on</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Operating Agreement;</p> <p>(ii) to request ASV's health and safety policy with KPIs, annual health and safety report and minutes from a recent Health and Safety Committee; and</p> <p>(iii) to note the information provided.</p>	E Couperwhite

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			how outstanding health and safety actions were resolved and closed. She noted that these documents would provide assurance and comfort to the Council on the robustness of ASV's health and safety arrangements.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Business Planning	a) Six Month Performance Report to 31 January 2016; and b) KPI Performance Report as at March 2016.	<p>Paul Dixon asked the ASV representatives to provide a summary of their financial assumptions for 2015-16. Duncan Sinclair informed the Hub that ASV's financial year differed from the Council's as it ran parallel with the academic year and its Year End results would be finalised in September 2016. Mr Sinclair highlighted that ASV currently had a trading surplus of £254,000 and this position had in part been achieved due to vacancies in the Chief Executive and Business Development Manager's posts during the year which had delivered significant savings. He added that income growth was modest but the overall financial position was strong.</p> <p>Paul Dixon noted that ASV had forecast in January 2016 that income would fall short of budget by £50,000 and asked if this position had changed. Duncan Sinclair explained that the six month performance report published in January 2016 was perhaps overly cautious and revised forecasts were more positive.</p>	<p><u>The Hub resolved:-</u></p> (i) to note the reports; and (ii) to note the information provided.	P Dixon

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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Estate Management	Head of Terms Proforma dated 10 June 2014.	The Chair explained that this issue had come to the attention of the Hub when the Council's Head of Land and Property Assets advised that leases between the Council and its ALEOs were inconsistent and needed to be reviewed particularly with regards to repairs and maintenance responsibility, and he asked if ASV was clear on their repairs and maintenance responsibilities. Euan Couperwhite advised that the Sports Village belonged to ASV as per the Joint Venture Agreement and Duncan Sinclair added that issues with maintenance costs had been mitigated as 3% of ASV's income was designated as reserves for the improvement of assets and facilities.	<u>The Hub resolved:-</u> (i) to note the report; and (ii) to note the information provided.	E Couperwhite
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	The Chair's Closing Remarks	N/A	The Chair thanked the representatives from Aberdeen Sports Village for their attendance and contributions and the Clerk advised that the minutes from today's meeting would be submitted to the Council's Audit, Risk and Scrutiny Committee on 27 June 2016 and thereafter to the Education and Children's Services Committee on 8 September 2016. The Chair then brought the meeting to a close.	<u>The Hub resolved:-</u> to note the information provided.	N/A

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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