

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	9 March 2017
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Sport Aberdeen – Contract revision and Governance Arrangements
REPORT NUMBER	ECS\17\018
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update this Committee on work completed with regards to revising the Council's contract with Sport Aberdeen and the Company's Governance Arrangements.
- 1.2 An interim report was considered by this Committee at its meeting of 19 April 2016 and this report provides further detail on the changes to the Funding and Services Agreement and the Sport Aberdeen Articles of Association.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee :
 - (i) Approve the revised contract documentation, including Articles of Association, which sets the relationship between Aberdeen City Council and Sport Aberdeen;
 - (ii) Approve the revised 'Outcome Specification' Framework between Aberdeen City Council and Sport Aberdeen as outlined in section 5.9 of this report; and
 - (iii) Otherwise note the contents of this report.

3. FINANCIAL IMPLICATIONS

- 3.1 In the current financial year, the Council has entered into a contract with Sport Aberdeen which has a financial value of £5.459 million. This

is based on the range of activities that Sport Aberdeen provides on behalf of the Council in terms of direct sports delivery and also sport development.

- 3.2 At its meeting of 20 September 2016, Committee agreed to provide a bank guarantee of up to £5 million to allow Sport Aberdeen to invest in its property assets.

4. OTHER IMPLICATIONS

4.1 Legal

The adjustments to Sport Aberdeen's Articles of Association and Funding and Services Agreement have been approved by appropriate officers within Commercial and Procurement Services.

4.2 Property

Sport Aberdeen deliver sports activities from a number of Council owned premises across Aberdeen. These assets are leased to Sport Aberdeen on a full repair and maintenance basis which reduces some of the Council risk of incurring cost for maintenance or improvement work.

5. BACKGROUND / KEY ISSUES

- 5.1 A previous report considered at the Finance, Policy & Resources Committee on April 2016 delegated authority to the Head of Legal and Democratic Services to amend the contract between the Council and Sport Aberdeen to include the additional functions and responsibilities transferred to it as a result of the decision of the Education and Children's Services Committee in January 2015. The previous meeting of the Finance, Policy and Resources Committee in April 2016 also noted progress with regards to the re-drafting of the Funding and Services Agreement.
- 5.2 Officers from the Council's Legal Services and Sport Aberdeen's solicitors, Stronachs, have now completed the work in revising the strategic contract to incorporate the additional functions and responsibilities transferred to Sport Aberdeen. As part of this work both organisations have agreed to revised Articles and Memorandum of Association, which govern the management and operation of Sport Aberdeen. The revised Articles and Memorandum increase the number of Directors to 13 for business purposes and provide Sport Aberdeen with the ability to replace any Board members following their specific and published process for such appointment, with such appointment then being notified to the Council; however, the Council retains responsibility for the appointment of the Chairman. This accords with the requirements of Teckal.
- 5.5 The revised Funding and Services Agreement includes the strategic legal contract, together with a more outcome focussed Services Specification. This sets out the outcomes required of Sport Aberdeen in

delivering the strategic and operational sport and physical activity services and programmes on behalf of Aberdeen City Council.

5.6 Sport Aberdeen will be required to demonstrate the contribution its services and programmes make to a range of national outcomes as set out by;

- the Scottish Government in its 'Reaching Higher' strategy
- Active Scotland's Outcomes Framework,
- **sportscotland's** 'Raising the Bar'
- Aberdeen City's local outcomes, as set out in Community Planning Aberdeen's Local Outcome Improvement Plan (LOIP)
- the 'Strategy for an Active Aberdeen'
- 'Aberdeen's Sports Facilities Strategy',

the latter two of which have recently been adopted by the City Council.

5.7 The revised specification also requires Sport Aberdeen to demonstrate continual improvement in the delivery of services, and improvements in efficiency, productivity and value for money. To support the latter requirements, the revised Outcome Specification is based on two widely recognised best practice / continual improvement models:

- (i) How Good is Our Culture and Sport (HGOICS), produced by Education Scotland
- (ii) Quest for Facilities and Active Communities, endorsed by **sportscotland**.

5.8 By requiring Sport Aberdeen to be externally accredited by these organisations and in ensuring that Sport Aberdeen is focussed on delivering outcomes which matter to the city, Aberdeen City Council can be confident that its financial resources are being utilised in the most cost-efficient and effective way.

5.9 With a clear Outcome Specification and a requirement for Sport Aberdeen to report to the Council in accordance with the current ALEO Governance arrangements, this sets the framework for a robust performance management framework which will allow both Sport Aberdeen and Aberdeen City Council to use performance information systematically to improve services and achieve better outcomes for individuals, communities and places.

5.9 The key sections of the Outcome Specification can be summarised as follows:

- a) **Strategic Context:** strategies and overall outcomes required;
- b) **Governance and Company Management** , including legal responsibilities , OSCR compliance , business planning, financial management, continuous improvement and outcome measurement;

- c) **Developing people**, including young people and volunteers;
- d) **Asset management**;
- e) **Sport and Physical Activity**, including contributing to health and well-being outcomes, increasing participation and partnership working.

5.10 The Council also has appropriate governance arrangements in place through the ALEO Governance Hub. The Hub is able to review Sport Aberdeen's performance in a number of areas:

- financial integrity;
- service performance against the annual Business Plan objectives and Key Performance Indicators;
- health and safety;
- risk management;
- HR policies; and
- Procurement.

6. IMPACT

6.1 Improving Customer Experience

The transfer of operational sports responsibility to Sport Aberdeen as included within the revised contract means that they are able to better manage sports provisions and development throughout Aberdeen which will result in a better experience for the citizens of Aberdeen.

The ability for them to plan and implement strategies and developments on a longer-term basis will enable greater coherence across sport and leisure offered to be shared with the public and customer experience should improve as a result. This is further strengthened by the creation of the Active Aberdeen Partnership which brings all key stakeholders together to promote sporting and physical activities for all citizens of Aberdeen.

6.2 Improving Staff Experience

No impact as a result of this report.

6.3 Improving our use of Resources

Sport Aberdeen will lead the development of sports development within the city and this will lead to strategic efficiencies which mean that planning and implementation of sport activities are now seamless within the one organisation.

7. MANAGEMENT OF RISK

7.1 The revised Articles of Association and Funding and Services Agreement ensure that the responsibilities of Sport Aberdeen are accurately reflected in the appropriate documentation.

- 7.2 Sport Aberdeen hold the requisite insurance policies to cover staff and visitors to their premises and have a sound risk management approach as discussed at the ALEO Governance Hub.
- 7.3 The Council's financial risk is minimised through the agreements and Sport Aberdeen's performance is reviewed to ensure it meets the agreed levels prior to quarterly payments being released. The physical assets from which Sport Aberdeen deliver services to the public are leased on a full repair and maintenance basis, therefore in part minimising the Council's property risk.

8. BACKGROUND PAPERS

- 8.1 Finance, Policy and Resources Committee - 19 April 2016 – Sport Aberdeen – Contract Revision and Governance Arrangements (ECS\16\022)

9. REPORT AUTHOR DETAILS

Euan Couperwhite
Head of Policy, Performance and Resources
Tel: 01224 522073
Email: ecouperwhite@aberdeencity.gov.uk