ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	5th March
REPORT TITLE	Target Operating Model – Supporting Governance Framework
REPORT NUMBER	OCE/18/025
DIRECTOR	Chief Executive
REPORT AUTHOR	Fraser Bell

1.   PURPOSE OF REPORT:-

This report proposes a governance framework to support the implementation of the Target Operating Model and considers the portfolios, and position within the interim functional structure, of Governance, City Growth and City Planning.

2.   RECOMMENDATION(S)

That the Council:-

(i)   approves Appendix A – Scheme of Governance Introduction;

Committee Terms of Reference

(ii)   approves Appendix B – Committee Terms of Reference – with effect from 1 April 2018;

(iii)   approves the disestablishment of the Capital Reference Group which will be replaced with the Capital Programme Sub Committee;

(iv)   appoints a Convener and Vice Convener to the committees listed in paragraph 4.3.3, as appropriate;

(v)   sets a membership number and political composition for each committee listed in paragraph 4.3.3 based on the figures set out in Appendix H and appoints members thereto, on the basis that names can be provided to the Chief Officer – Governance after the meeting and that he be authorised to finalise membership where required;

(vi)   approves the remuneration of the Lord Provost and one post of Council Leader and the allocation, and amount in each case, of

senior councillor allowances, on the basis of the guidance contained in paragraphs 4.3.20 – 4.3.22;

(vii)   agrees the appointment of the current external members to the Operational Delivery Committee as the committee discharging the education function, as set out at paragraph 4.3.7;

(viii)   appoints all elected members on the Operational Delivery Committee, plus two members per political group, to the School Placings and Exclusions Appeal Committee;

(ix)   approves the appointment of two named local representatives plus two substitutes from each of the recognised trade unions as advisers to the Staff Governance Committee, as set out in paragraphs 4.3.12 – 4.3.15 of the report; and to note the trade union responses in Appendix I;

(x)   agrees that each committee, and thereafter Full Council, considers an annual report against each committee's Terms of Reference in the format of Appendix J;

(xi)   approves the diary of meetings from 1 April 2018 to 1 April 2019 attached at Appendix K;

Powers Delegated to Officers

(xii)   approves Appendix C – Powers Delegated to Officers – with effect from 1 April 2018, subject to recommendation (xiii);

(xiii)   instructs the Chief Officer – Strategic Place Planning to seek approval from the Scottish Ministers to amend the Planning Scheme of Delegation under Section 43A of the Town and Country Planning (Scotland) Act 1997 (as amended) - which relates to "Local Developments";

Standing Orders for Council, Committee and Sub Committee Meetings

(xiv)   approves Appendix D - Standing Orders for Council, Committee and Sub Committee Meetings – with effect from 1 April 2018;

Financial Regulations

(xv)   approves Appendix E – Financial Regulations – with effect from 1 April 2018;

Procurement Regulations

(xvi)   approves Appendix F – Procurement Regulations – with effect from 1 April 2018, subject to recommendations (xvii) and (xvii);

(xvii)   approves the revised procurement thresholds referred to in paragraph 4.7 and set out within the Procurement Regulations in accordance with the workforce design principle to empower staff; and agrees that the revised thresholds shall take effect from 1 July 2018 and the current procurement thresholds shall remain in place until 30 June 2018;

(xviii)   instructs the Chief Operating Officer, the Directors of Resources, Commissioning and Customer, the Chief Officer – Governance, Chief Officer – Strategic Place Planning and the Chief Officer – City Growth to report to the Strategic Commissioning Committee:

(a) on 19 June 2018 with procurement workplans detailing all contracts expected to be procured for the remainder of 2018/2019 involving expenditure in excess of £50,000 for supplies/services contracts and £250,000 for works contracts to support implementation of the revised procurement thresholds as per recommendation (xvii); and

(b) prior to the start of each financial year thereafter, a workplan for the full year ahead;

Member Officer Relations Protocol

(xix)   approves Appendix G – Member Officer Relations Protocol – with effect from 1 April 2018;

Civic Leadership

(xx)   endorses the values and principles of civic leadership and engagement as set out in Appendix L, noting their alignment with the Target Operating Model Design Principles, agreed by Council in August 2017;

(xxi)   refers the development of models for civic leadership and engagement to the appropriate committees in order that they might give active consideration to how civic leadership and collaborative decision making could be strengthened within the areas of their responsibility;

Implementation and Monitoring

(xxii)   agrees the delivery of training and development on the Scheme of Governance:

(a) for elected members, on the weeks commencing 16 and 23 March 2018 and over the following 12 months; and

(b) for officers, commencing with an event to the third tier on 16 March on the Committee Terms of Reference, in order to embed the revised governance framework in all services;

(xxiii)   instructs the Chief Officer – Governance to report back to Council within 12 months on the operation of the Scheme of Governance documents;

Urban Governance

(xxiv)   notes the wider consultation on the development of a new leadership framework for considering the place and people implications of the economic performance of the city;

(xxv)   approves, in principle, the creation of the coordinating structures as follows:
(a) Infrastructure Group;
(b) Inclusive Economic Growth Group;
(c) Internationalisation Group – Export and Trade;
(d) Internationalisation Group – Inward Investment;
(e) Energy Hub;
(f)   Smarter Aberdeen (Digital);
(g) Public Protection; and
(h) Water, Sewerage and Flood.

(xxvi)   instructs the Chief Officer – City Growth to co-design a 'terms of reference' for each group set out in recommendation (xxv) with the proposed members of each group and to report back to Full Council in August 2018 with proposed 'terms of reference';

Organisational Design

(xxvii) agrees that the portfolios and position within the organisational structure of Governance, City Growth, City Planning and the City Centre Masterplan will be as described at section 6 below.

3. BACKGROUND

3.1 On 23rd August 2017 the Council approved a realignment of Council activity into the Target Operating Model, towards which the organisation would transition over the ensuing months. This redesign of the organisation is being founded upon design principles which were also agreed by Council in August, 2017. These are:-

i. **Customer Service Design** – we need to define how we deliver customer service.

ii. **Organisational Design** – we need to define the organisational structures; roles, responsibilities, skills and capabilities; role performance measures.

iii. **Governance** – we need to define the governance arrangements and reporting requirements to run the organisation in an efficient and effective way.

iv. **Workforce** – we need to define the level and capability of people required to contribute positively to outcomes and to serve our customers. How many people do we need? How do we remunerate them? What skills and knowledge are required? What ways of working and what culture do we need? Promote equality in the workplace.

v. **Process Design** – we need to define the functional and business processes to support the business objectives, while ensuring we consolidate and streamline common activity.

vi. **Technology** – we need to identify what technology is needed to deliver services to our customers whilst ensuring we use the technology in a person centred way.

vii. **Partnerships & Alliances** – we need to define how we collaborate with public, private, third sector and communities to achieve successful outcomes.

In December 2017, the Council considered and approved further recommendations relating to the implementation of the organisational design aspects of the Target Operating Model. The primary focus of this report is "Governance", however, the proposals which have been brought forward have been developed giving explicit consideration to each of these design principles.

3.2 The report considered by Council in August 2017 stated that it was necessary to review decision making and participation within an appropriate governance framework to support the Target Operating Model and Council agreed to:-

"Instruct the Head of Legal and Democratic Services to report to the Council by its meeting in March 2018 seeking the necessary approvals for a governance framework to support the implementation of the Target Operating Model; this will include a Scheme of Governance setting out the Terms of Reference for the Council, its revised committees and sub-

committees and appropriate delegations to officers within the revised structure and a revised Council diary for 2018/19."

3.3 The August 2017 report also included a discussion paper, "Urban Governance: A Distributive Leadership Model to Underpin a new Approach to Urban Governance". This paper described the need for enhanced place leadership where representatives from key partners, including communities, could play an active role alongside the Council in addressing the City's challenges and maximising its opportunities. The Council:-

"Agreed the distributive leadership principles set out in the Urban Governance discussion document and instructed the Chief Executive, the Council Leader and the Lord Provost, as the Council's senior executive, political and civic leaders to consult and engage with relevant stakeholders and partners, including Aberdeenshire Council, the UK Government and the Scottish Government with a view to the Chief Executive reporting back to the Council by its meeting in March 2018 with proposals in relation to:

- *co-ordinating Council civic, political and executive leadership structures;*
- *establishing revised regional structures for discussion and interaction;*
- *developing partnership models with both governments and other stakeholders offering interaction at executive team level within the Council."*

3.4 On 11th December, 2017, the Council further agreed:-

"to note the previous instruction to the Chief Executive to report to Council in March 2018, on proposals for an institutional governance framework for the Council and a broader placed based urban governance framework, and to instruct the Chief Executive to consider the portfolios, and position within the organisational structure of Governance, City Growth, City Planning and the City Centre Masterplan within future proposals."

3.5 Accordingly, this report makes recommendations with respect to:-

i. a supporting institutional governance framework, in particular to ensure that delegations to Committees and Directors/Chief Officers support the transition and, ultimately, implementation of the Target Operating Model;

ii. enhancing place leadership though revised governance arrangements and ways of working with key stakeholders; and

iii. the portfolios, and position within the organisational structure of Governance, City Growth, City Planning and the City Centre Masterplan.

4. INSTITUTIONAL GOVERNANCE

4.1 Governance Review

4.1.1 Over the past 18 months an intensive review of the Council's governance framework has been overseen by the Governance Reference Group and the Governance Board. This was initiated in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA) who offer an accreditation in governance excellence, but there were additional drivers:
- New legislation increasing the number and complexity of the decisions the Council needs to take;
- A requirement to update the Council's governance documents;
- An increase in the demand for Council services at a time when resources are reducing; and
- An aspiration to have more efficient and effective decision making processes.

4.1.2 The Council's governance arrangements will be reviewed during 2018/19 by external audit. Implementation of the arrangements will also be monitored by Internal Audit. This, in addition to a further review by CIPFA and the monitoring of arrangements by the Chief Officer - Governance, is designed to provide the Council with assurance and/or improvement actions in respect of its governance arrangements.

4.1.3 In addition, section 3 of this report explains the aspiration for the Council's governance arrangements to be framed around the Target Operating Model and for this to be developed alongside an Urban Governance framework. The report "Council Target Operating Model", considered by the Council in August, 2017, identified that delivering Local Outcome Improvement Plan (LOIP) priority outcomes required strong and broad collaboration with communities and across the public, private and third sectors. This needs collaborative leadership of the City and the broader region as well as the leadership of the institution of ACC. A central element of this approach is effective community engagement which builds a strong involvement in place making from the people who live and work here. This has been taken into consideration as the institutional governance documents and arrangements were revised and this will be the case as these are kept under review over the following 12 months.

4.2 Scheme of Governance

4.2.1 A key priority of the governance review has been the delivery of a Scheme of Governance. The Council's key governance documents that form part of the proposed Scheme of Governance already exisit. However, different monitoring arrangements exist between them and some inconsistencies between the documents were discovered during the governance review. The intention of the Scheme of Governance is to bring together the Council's key governance documents to promote the following benefits:

- Consistency in language, style and presentation of the documents;

- Alignment between the documents, the CIPFA/SOLACE international principles of good governance and the design principles of the Target Operating Model; and
- Transparency – all decision making arrangements are located in one place, accessible to elected members, staff, the public and the Council's partners.

4.2.2 Consultation on the Scheme of Governance has been underway for some time, and has most recently included:
- Governance Reference Group meetings in July, December and February;
- briefings with Group Leaders in January;
- Governance Board meetings involving trades unions and officers from all directorates;
- Consultation meetings with trade unions on Staff Governance Committee;
- The Third Tier Network and the Extended Corporate Management Team;
- Transformation Management Board;
- Internal Audit and External Audit;
- Aberdeen City Public Protection Chief Officers' Group; and
- On-going dialogue with CIPFA on the Council's approach, including in the design of a Committee Effectiveness Annual Report.

4.2.3 The development and exploration of options with stakeholders together with constructive feedback has been beneficial. It has helped to emphasise the importance of a strong governance framework to support members and officers in their roles. The documents have continued to develop in the early part of this year in response to comments from all stakeholders. This level of engagement will help embed a culture of good governance across the organisation as in many respects their development has been a collaborative process.

4.2.4 CIPFA conducted a "rapid review" of the documents during the final drafting stages, using the principles of good governance as a reference. Given the intention to seek the governance accreditation at a later date, CIPFA was asked to provide a broad indication of progress only, as the full assessment process requires a more detailed and rigorous assessment over and above a literature review. The feedback received was constructive and positive, with CIPFA clear that we are making satisfactory progress towards the Mark of Excellence. Should the Scheme of Governance be approved, officers will continue to work with CIPFA to support implementation of the scheme and work towards accreditation in late 2018/early 2019.

4.2.5 Internal Audit have provided comment as follows:

"The proposed governance framework includes terms of reference for the Council and its proposed Committees, standing orders for Council and Committee meetings, an officers scheme of delegation, financial and procurement regulations, along with a Member Officer Relations Protocol. This framework covers what Internal Audit would expect to be in place and

has seen operating elsewhere. However, no comment is expressed in terms of the content of the various documents.

The proposal to bring all the key documents under one Scheme of Governance is welcomed by Internal Audit. Over the last three years, Internal Audit has reported on areas of confusion between various governance documents, which have resulted in non-compliance. The fact that these have been reviewed and consolidated under one Scheme of Governance should assist in clarity of purpose and meaning, and consistency of application. However, Internal Audit cannot, at present, comment on whether this will be achieved through the new Scheme of Governance. This will become evident through implementation and the results of future audit testing."

4.2.6 External Audit will monitor progress through a scheduled audit of Leadership, Governance and Scrutiny. This will be conducted over the late summer period and will review the governance framework, in coincidence with a separate audit of financial processes. It is expected that both audits will have been reported by autumn 2018.

4.2.7 Feedback from trade unions is attached at Appendix I.

4.2.8 The Scheme of Governance is attached at Appendix A and comprises:-

1. Introduction
2. Committee Structure and Terms of Reference;
2. Powers Delegated to Officers;
3. Standing Orders for Council, Committee and Sub-Committee Meetings;
4. Financial Regulations;
5. Procurement Regulations; and
6. Member Officer Relations Protocol.

4.3 Committee Structure and Terms of Reference

4.3.1 A new committee structure has been developed to reflect the design principles of the Target Operating Model. It has sought to improve the Council's decision making system by being more efficient and more focused on outcomes.

4.3.2 Terms of Reference for each of the proposed committees, sub-committees and joint committees listed below are included in the Scheme of Governance at Appendices A-G. The reporting relationships can be seen on the structure chart set out in the Terms of Reference.

4.3.3 The Committees highlighted in bold are either new or have substantially altered remits.

Committees	Strategic Commissioning Committee
	City Growth and Resources Committee
	Operational Delivery Committee
	Audit, Risk and Scrutiny Committee
	Staff Governance Committee
	Public Protection Committee
	Strategic Transformation Committee
	Planning Development Management Committee
	Licensing Committee
	Pensions Committee
	Urgent Business Committee
	Aberdeen City Region Deal Joint Committee
Sub Committees	Appeals Sub Committee
	Capital Programme Sub Committee
	Licensing Sub Committee

Strategic Commissioning Committee

4.3.4 The Strategic Commissioning Committee will perform a key role as the Council changes from budget led service provision to outcome focussed delivery. It will undertake population-need assessments and will approve commissioning activity to meet those needs and the outcomes specified in the LOIP. The committee will perform a monitoring role to help ensure that the needs and outcomes identified are being achieved.

Operational Delivery Committee

4.3.5 The Committee will work with the Strategic Commissioning Committee to ensure that services which are commissioned in-house have clear service specifications which identify contributions to the LOIP outcomes. It will oversee the delivery of in house services and will make improvements to operational delivery. It will monitor key performance indicators against in-house functions to help ensure that the functions are meeting the service specifications. It is proposed that the religious, parent and teacher representatives in respect of discharging the education functions of the authority are appointed to this committee given that it will have primary oversight of the operational delivery of education services. This is outlined at para 4.9.8 below.

4.3.6 The Council previously appointed to its Education and Children's Services Committee seven external members under the provisions of the Local Government (Scotland) Act 1973 Section 124 (as amended). The Act states that, when the Council has appointed a committee whose purposes include advising the authority on any matter relating to the discharge of their functions as education authority, or discharging any of those functions of the authority on their behalf, it <u>shall</u> appoint three church representatives and <u>may</u> appoint

persons who are not members of the authority. At least half of the persons appointed to such a committee must be elected members.

4.3.7 It is recommended that the Operational Delivery Committee's membership include seven persons with voting rights who are members for education items of business only (which will be identified clearly on the agenda) and who are not members of the Council. The seven external members would be appointed by the Council as follows:-

(A) three persons representing religious bodies in accordance with the requirements of Section 124 (4) of the Local Government (Scotland) Act 1973, being:

   (i)   one representative of the Church of Scotland nominated in such manner as may be determined by the General Assembly of that church;

   (ii)   one representative of the Roman Catholic Church nominated in such manner as may be determined by the Scottish Hierarchy of that church; and

   (iii)   one other person appointed by the Council following a consultative meeting to which all other religious bodies outwith the (i) and (ii) above could attend, having regard:-

      (a)   to the comparative strength within the City of Aberdeen of all the churches and denominational bodies having duly constituted charges or regularly appointed places of worship there; and

      (b)   the representation provided for in (i) and (ii) above;

(B) in accordance with the discretion conferred by Section 124 (3) of the Local Government (Scotland) Act 1973:

   (i)   two teachers employed in educational establishments managed by the Council nominated by the Teachers' Consultative Forum, comprising one representative from primary and special needs, including nursery, and one representative from secondary; and

   (ii)   two parent representatives, selected by Aberdeen City Parent Council Forum from within its own membership, comprising one representative from primary and special needs, including nursery, and one representative from secondary.

4.3.8 It is recommended that Council agrees to appoint the current external members on the Education and Children's Services Committee, to the Operational Delivery Committee as the respective groups' representatives, as follows:

Church Representatives: • Reverend Hutton Steel, Church of Scotland   • Mr John Murray, Roman Catholic Church   • Mrs Stephanie Brock, third religious representative
Teacher Representatives: • Miss Pamela Scott, representing the primary and ASN sector   • Mr Mike Paul, representing the secondary sector
Parent Representatives: • Mrs Louise Bruce, representing the primary sector   • Mr Colm O'Riordan, representing the secondary sector

4.3.9 The Council is required to establish a School Placings and Exclusions Appeal Committee in terms of the Education (Scotland) Act 1980 (the Education Act), as amended. The committee hears appeals against the refusal of parental requests to place children in particular schools and against the decisions of the Education Authority to exclude pupils from the schools which they attend. The statutory requirement contained in the Education Act is for a committee to be drawn from a pool of individuals from the following categories:

(a) members of the authority or of the education committee of the authority; and;

(b) persons who are not members of the authority or of the education committee of the authority but are:
1. parents of children of school age;
2. persons who, in the opinion of the authority, have experience in education; or
3. persons who, in the opinion of the authority, are acquainted with the educational conditions in the area of the authority

4.3.10 The Senior Democratic Service Manager has delegated powers to appoint external members and these will be transferred to the Chief Officer – Governance if the Scheme of Governance is approved. The Council is requested to appoint all elected members of the Operational Delivery Committee as members to the pool from which the School Placings and Exclusions Appeals Committee will be drawn.

City Growth and Resources Committee

4.3.11 The Committee will blend a focus on the Council's management of the institution's resources and place shaping strategies for the future growth of the city. This will include for example, local transport strategies. This mirrors the focus on the annual credit rating assessment. It will develop and monitor the delivery of the Capital Programme, including the projects within it. A Capital Programme Sub Committee will allow members to both consider the capital programme in its entirety and scrutinise individual projects in detail, and make recommendations as appropriate.

<u>Audit, Risk and Scrutiny Committee</u>

4.3.12 This Committee will essentially undertake its previous remit. In addition, it will approve the Code of Corporate Governance, as well as the Annual Governance Statement, and provide independent assurance on the integrity of financial reporting.

<u>Staff Governance Committee</u>

4.3.13 In agreeing the Target Operating Model on 23rd August 2017, the Council noted the intention to explore a Staff Governance Committee to incorporate the roles of the Joint Consultative Committee, the Corporate Health and Safety Committee and the Appeals Committee. The proposed Terms of Reference:

a) build on the cultural aim previously established, to secure equal attention on our staff, customer and resources;

b) integrate all matters affecting staff within a single committee;

c) include local trade union representatives as advisers, with provision for substitutes, to enable joint working. Legislation prevents staff members from being voting members, subject to a specific exception allowing teachers to be appointed to committees discharging education functions as explained at paragraph 4.3.7. It is therefore proposed that they attend meetings as advisers and contribute to the meeting, with the exception of moving motions or amendments, or voting. It is proposed that the following trade unions will each be offered two places, plus substitutes:
- Unison;
- Unite;
- GMB;
- EIS;
- Scottish Secondary Teachers' Association; and
- VOICE

d) refer the design and oversight of a staff behavioural framework, the lead in establishing and promoting values for the organisation and its staff, and the development and approval staff policies; and

e) provide a forum to develop the existing partnership between the Council and all trade unions in order to support the Council becoming an employer of choice.

4.3.14 Trade unions have been consulted on these proposals and the responses are set out in Appendix I. In particular, officers have emphasised the following:

a) Under the proposals, the Joint Consultative Committee and the Health and Safety Committee will no longer continue to be constituted. However there is no intention for the Staff Governance Committee to displace other consultation mechanisms in place and regular meetings between the trades unions and management will continue to take place. Participation in the

business of the Staff Governance Committee and in the transformation portfolio governance does not substitute formal consultation arrangements.

b) By including local trade union representatives as advisers on the committee, this strengthens representation of Council staff. However provision will be made for regional trade union representatives to address the Committee if they so wish.

c) This is a significant development in terms of the Council emphasising the wellbeing of its workforce, and by putting in place practical arrangements for joint working signifies an enhanced focus on staff welfare.

d) The benefits of incorporating the Corporate Health and Safety function within a full Council Committee include:
- improvements in governance and transparency, including agenda and meeting management;
- increased trade union participation in the Council's formal decision making structure;
- raising the profile of health and safety through attendance of elected members and Chief Officers at meetings; and
- enhanced relationships with other committees of the Council through Terms of Reference.

e) Health and Safety structures within services/functions will remain in place. These will continue to meet regularly and instead of reporting to the Corporate Health and Safety Committee, will report to the Staff Governance Committee. These matters will be dealt with under a designated section on the agenda.

4.3.15 It is proposed that appeals will be heard by a Sub Committee of five members, drawn from the elected members on the Staff Governance Committee.

Public Protection Committee

4.3.16 The Scheme of Governance proposes a new Public Protection Committee. This committee will provide assurance on the Council's statutory regulatory duties to protect the public as well as taking on responsibilities for police and fire duties, including scrutiny and approval of local plans. The Aberdeen Chief Officers Public Protection Group has been consulted on this change. This approach reflects the principles of the TOM whilst ensuring that the Council remains closely involved in both Police and Fire matters.

General Provisions

4.3.17 Other proposed changes within the Terms of Reference include:

a) each committee will be responsible for agreeing policies relative to its own function, and will scrutinise risk registers pertaining to its remit;
b) each Committee will be required to review their own effectiveness against their Terms of Reference through an annual report, and this is outlined further at paragraph 4.3.23 below;

c) each committee is encouraged to work in partnership with other committees of Council where appropriate and this will be facilitated through Conveners and Executive Leads;

d) each committee is encouraged to work in partnership with non-Council bodies as well as other committees as the Urban Governance Co-ordinating Structures where appropriate. This will be facilitated through convenors and executive leads;

e) each committee is encouraged to develop a relationship with the relevant coordinating structures within the urban governance framework;

f) each committee is encouraged to consider the mechanisms it wishes to use to facilitate better engagement with civic leadership; and

g) in pursuit of being recognised by UNICEF as a child friendly accreditation, each committee needs to consider the impact on children of its decisions.

4.3.18 The Scheme of Governance does not include the following Committees and Sub Committees and so these will be disestablished:-
- Communities, Housing and Infrastructure Committee;
- Education and Children's Services Committee;
- Finance, Policy and Resources Committee;
- Licensing Urgent Business Committee;
- Zero Waste Management Sub Committee;
- Housing Cases Sub Committee;
- Licensing Evidential Hearings Sub Committee; and
- Special Licensing Objections Committee.

4.3.18 Although not referred to in the Terms of Reference, the governance arrangements in respect of the Integration Joint Board and the Licensing Board will remain in place unless otherwise agreed by Council.

Committee Compositions and Memberships

4.3.19 Council is asked to agree the compositions of each committee, including the number of members appointed to each committee. Options are set out Appendix H. It is not proposed, at this stage, to alter the composition or membership of either the Integration Joint Board or the Licensing Board.

Appointment of Conveners and Vice Conveners and Payment of Senior Councillor Allowances

4.3.20 The Council is requested to appoint Conveners and Vice Conveners to the committees in paragraph 4.3.3 as appropriate. In line with the Council's Standing Orders, the Convener of the Audit, Risk and Scrutiny Committee should be the Leader of the largest Opposition Group.

4.3.21 When making these appointments, the Council must have regard to the following structure for the payment of allowances to Councillors:-

(a) up to 19 Councillors can hold senior positions with an allowance between £22,218 (lower level) and £29,623 (upper level) provided the total is within the maximum permissible of £442,215; and

(b) a basic allowance of £16,927 must be paid as a minimum to each member of the Council as set out in the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2017. No member can be paid more than one allowance.

4.3.22 The Council is asked to agree the senior allowances to be paid noting that separate provision is made for the Civic Head (Lord Provost) and the Leader of the Council.

Annual Reports on Committee Terms of Reference

4.3.23 As part of their interim assessment of the Council's governance arrangements in 2016, CIPFA recommended that committees review the extent to which they have operated within their Terms of Reference, through an annual report. A template has been developed and is attached as Appendix J. It is proposed that this be effective after the first year of operation with each committee reviewing such a report on or around April 2019. Each report would thereafter be submitted to Full Council.

4.3.24 CIPFA has reviewed the template and again provided suggestions for improvement which have been taken on board. In general terms, they state:

A committee effectiveness report has the potential to support the improvement journey by accounting for the ways that committees support a quality improvement culture with quality assurance of services and feedback loops. A template that goes beyond tick box and more clearly offers the opportunity to address some current and historic issues and, importantly give a clear signal that good governance is taken seriously. It could therefore provide support to a number of the developments that Aberdeen City Council seeks in its journey towards achieving the excellence in governance mark.

Diary of meetings

4.3.25 A diary of meetings has been prepared from 1 April 2018 to 1 April 2019 and Council is asked to approve this. The diary is attached as Appendix K.

4.4   Powers Delegated to Officers

4.4.1 As provided for by the Councillors' Code of Conduct, the role of an elected member is to determine policy and to participate in decisions on matters placed before elected members. The Code states that the role of an officer is to engage in the operational management of the Council's services. The law provides that the Council may arrange for the discharge of any of its functions, subject to some exceptions, by an officer of the Council. The proposed Powers Delegated to Officers sets out those decisions that the Council would delegate to officers and seeks to balance the respective roles of elected members and of officers as envisaged by the Code.

4.4.2 The review of the Powers Delegated to Officers has had a number of aims including the following:

a) Clarify existing delegations which are not clear in their intention;
b) Promote transparency by formally recording existing practices;
c) Delete obsolete powers - for example the Social Work Complaints Review Committee no longer exists and delegations in respect of these matters have been deleted;
d) Respond to changes in law - for example, new legislation has come into effect since the last major review of the delegated powers including the Community Empowerment (Scotland) Act 2015, the Carers (Scotland) Act 2016 and the Children and Young People (Scotland) Act 2014;
e) Reflect the new Interim Functional Structure;
f) Promote a model of decision making that supports the empowerment of staff in accordance with the workforce design principle; and
g) Respond to a key theme of the 2016 Employee Opinion Survey that staff feel less trusted to perform their roles than when surveyed in 2014. This is attributed to staff looking for more respect for their professional judgement, increased responsibility and recognition of their individual skill sets and abilities.

4.4.3 This review has been underway since May 2016 and has involved extensive consultation as set out paragraph 4.2.2 above. The Chief Executive, Directors and Chief Officer posts in the new structure have been allocated general delegations, as well as delegations which are specific to the individual roles. Should members approve the Powers Delegated to Officers, they will be implemented alongside a training and awareness programme. The Chief Officer – Governance will keep the Powers Delegated to Officers under review during the transition period as the new management structure is filled.

4.4.4 The Powers Delegated to Officers were last approved (in totality) by Council in October 2014 following the last management and committee restructure. Summarising all of the changes that have been made to the document from October 2014 to the version appended would be extremely difficult to encapsulate. Therefore some of the more prominent changes are highlighted in Appendix N, with the majority of these being contained within the General Delegations section. As it currently the case, any decision made by an officer under the Powers Delegated to Officers, must also comply with the law and the Council's other constitutional documents including the Procurement Regulations and the Financial Regulations. For example, in discharging a delegated power, officers must not incur any expense unless it is against an approved budget.

4.5 Standing Orders for Council and Committee Meetings

4.5.1 The Standing Orders were approved in March 2017 to ensure that they focus entirely on procedure at Committee and Council meetings with an instruction that they be reviewed after a full year of operation. Further updates were agreed by Council in August 2017.

The Standing Orders have been updated to reflect the new management structure and to add further clarity in some areas including those relating to

appointments and specific roles. This is based on feedback and the observation of meetings.

4.5.2 The following changes are also proposed:-

a) Adjustments to Standing Order 7.3 and 35.8 to allow the Lord Provost to cancel, advance or postpone Council meeting acting reasonably where there is good reason for doing so;

b) Rewording of Standing Order 10.1 to clarify that the requirement for a meeting to be called five clear days in advance does not apply to Urgent Business Committee or the Licensing Sub Committee;

c) Rewording of Standing Order 12 (now proposed Standing Order 13) in respect of the process for late reports to clarify procedure;

d) An additional Standing Order has been included to stipulate that any officer listed in Standing Order 13.1, and not just the Chief Officer - Governance, has the ability to withdraw a report from an agenda following notification to the Convener and Vice Convener;

e) Removal of need for Committee to agree to hear deputations, as competency will have been determined prior to meeting;

f) Addition of Standing Order 25.3 to clarify the participation of advisers at the Staff Governance Committee;

g) Addition of Standing Order 34.6 to clarify that discussion around the approval of a minute cannot extend to opening up discussion of the substantive issues detailed within that minute;

h) Rewording of Standing Order 39.1 (Length of Meetings);

i) Lift, shift and rewording of certain retained 2014 Standing Orders in respect of Committees and Sub Committees to Standing Order 45 in respect of appointment and delegation to Committees and Sub Committees and appointment to outside bodies; and

j) Addition of Appendix 3 (Protocol for Appointments and Employment) and Appendix 4 (Member Travel and Attendance at External Meetings) which contain procedures outlined in the old 2014 Standing Orders that were retained in March 2017.

4.6 Financial Regulations

4.6.1 The Financial Regulations are a set of rules governing the financial management of the Council. They are an integral part of the stewardship of Council funds and must be adhered to by all officers of the Council. For example, where an officer is making a decision under the Powers Delegated to Officers, they must ensure that their decision is compliant with the Financial Regulations. Adhering to the Regulations ensures that all financial transactions of the Council are conducted in a manner which demonstrates openness, integrity and transparency.

4.6.2 The Regulations were due for routine review in September 2017 but this was postponed slightly in light of the August Council decision to move towards the Target Operating Model. The main changes reflect:
   a) the updated structures and allocation of responsibilities, including the new target operating model;
   b) the bond issue and the maintenance of the credit rating;

c) the ALEO Assurance Framework and new governance arrangements for capital planning;

d) update some of the monetary sums, the most significant being to increase the authority to write off business rates and sundry debts from £25,000 to £100,000 per debtor;

e) a desire to address ambiguities; and

f) the addition of an appendix outlining approved exemptions to the requirement to issue a purchase order.

4.7 Procurement Regulations

4.7.1 The Procurement Regulations are a set of rules intended to ensure that uniform contracting procedures of the highest standard are followed throughout the Council. In turn, this shall secure compliance with the law and ensure that the Council obtains best value in its procurement activity and all resultant contracts. The Procurement Regulations must be adhered to by all officers of the Council. For example, where an officer is making a decision under the Powers Delegated to Officers, they must ensure that their decision is compliant with the Procurement Regulations. Adhering to the Procurement Regulations shall ensure that the Council consistently acts in a transparent and proportionate manner and in a way that is equal and without discrimination.   In turn this shall lead to value for money, and more sustainable outcomes which are conducted in a manner which demonstrates openness, integrity and transparency.

4.7.2 The current Procurement Regulations were revised and approved in June 2016. Currently, procurement activity for contracts above £50,000 (supplies/services) and £250,000 (works) follows a two stage approval process. Firstly, the Council approves the relevant budget from which the procurement activity will be funded as part of the annual budget-setting process. Secondly, there is then an additional requirement within the ACC Procurement Regulations for the Council or relevant Committee to approve the total estimated expenditure of the particular contract before going out to tender. Feedback from officers has expressed some frustration with this apparent duplication and many comments were made by officers during the consultation process about why subsequent approval is required for a specific contract if the overall budget has already been approved by the Council.

4.7.3 The primary change proposed is to adjust the thresholds for approval of procurements dependent on the contract values. The proposal is for a workplan setting out the proposed procurements above £50,000 (services) and £250,000 (works) to be submitted to the Head of Commercial and Procurement by each Director. The workplan would detail the proposed contracts to be procured in the year ahead, the duration and estimated expenditure and the relevant outcomes of the LOIP. The workplan will help facilitate the Council's requirement to publish a contract register. The workplan would then be submitted to the Strategic Commissioning Committee for approval.

4.7.4 Following approval of the workplan, Business Cases for each approved contract would then be submitted and these will require to be approved either by the Head of Commercial and Procurement Services (for expenditure below £1m) or by the Strategic Commissioning Committee (for expenditure over

£1m) before the procurement can proceed. The proposals are consistent with the empowerment of staff as envisaged by the Target Operating Model and allows for more efficient decision making. This will enable the Council to act more commercially and achieve best value by speeding up the decision making process. There would not be a requirement for further committee approval of estimated expenditure later in the year for lower value contracts, when the budget and workplan (including the estimated expenditure) has already been approved by members at the start of the financial year. It shall enable the Strategic Commissioning Committee to monitor the impact that the specification has had on outcomes. Performance against the specification for in-house functions will be monitored at Operational Delivery Committee.

4.7.5 This proposed process will allow members to scrutinise the proposed contracts and the estimated spend against the outcomes sought. The increase in thresholds is intended to enable a decrease in the amount of low value tenders going to Committee so that higher value tenders can benefit from greater scrutiny and focus upon the business cases. Also, this approach allows for greater focus on outcome-led contracts and articulating the benefits of undertaking the procurement upfront by way of the Business Case. It shall enable the Strategic Commissioning Committee to monitor the impact that the specification has had on the outcomes. Performance against the specification for in-house functions will be monitored at Operational Delivery Committee.

4.7.6 Commercial and Procurement is a shared service with Aberdeenshire and Highland Councils. With greater combined buying power, jointly procuring can deliver reductions in cost and best value to the Councils. The proposed thresholds are those adopted by Aberdeenshire Council at the beginning of 2017. Highland Council does not require Committee approval at all for individual contracts with these being approved by senior officers. To maximise the benefit of a shared service, it would be beneficial for the processes across the three authorities to be more consistent. Currently, joint procurements can be delayed due to the requirement for Committee approval for lower value contracts.

4.7.7 If approved, Directors and Chief Officers will be permitted to procure in accordance with the thresholds. This requires a phased introduction from 1 July 2018 to allow the design of a workplan for services with the Strategic Commissioning Committee. This phased introduction is reflected in the Procurement Regulations.

4.7.8 The following thresholds are proposed to take effect from 1 July 2018:

- Contracts below £50,000 (supplies/services) or £250,000 (works) to be approved by relevant Chief Officer;

- Contracts above £50,000 (supplies/services) or £250,000 (works) up to £1,000,000 (both supplies/services and works) to be approved by the Head of Commercial and Procurement following consideration of the Directorate's workplan (as described above) and approval of a business case for each contract to be submitted by the relevant Chief Officer for approval by the Head of C&PS; and

- Contracts above £1,000,000 (both supplies/services and works) to be approved by the Strategic Commissioning Committee following consideration of the Directorate's workplan (as described above) and approval of a business case for each contract to be submitted by the relevant Chief Officer for approval by the Strategic Commissioning Committee.

4.7.9 Until 30 June 2018, the existing procurement thresholds, as set out in the current Procurement Regulations 2016, will apply:

- Contracts below £50,000 (supplies/services) or £250,000 (works) to be approved by relevant Chief Officer; and

- Contracts above £50,000 (supplies/services) or £250,000 (works) to be approved by the Strategic Commissioning Committee, prior to procurement being undertaken.

4.8 Member Officer Relations Protocol

4.8.1 The Protocol was first approved in March 2017 and has also been kept under review. This appears to be operating effectively, supporting members and officers in their relationships with one another. Joint training sessions with members and officers continue to be delivered to reinforce the distinction in roles.

4.8.2 Minor changes are proposed to the Protocol, including additional guidance on where members are contacted by the Council as private individuals (section 7) and to reflect the Target Operating Model (section 1).

4.9 Civic Leadership

Engagement

4.9.1 Since the Council's consideration of an "Urban Governance" discussion document, which was submitted as part of the "Council Target Operating Model" report to the Council meeting in August, 2017, a series of engagement events and meetings have taken place and continue. To date either the Lord Provost, the Chief Executive, or both, have attended and held discussions with:-

a) Aberdeen Civic Forum;
b) Aberdeen Community Council Forum;
c) Aberdeen City Burgesses;
d) Locality Planning Groups;
e) Aberdeen Multi-Faith Forum;
f) Local Trades Unions;
g) Regeneration Matters Group; and
h) Disability Equality Partnership.

4.9.2 The discussions have focussed on the benefits of shared civic leadership. The proposition, supported by evidence from across the world, that successful

"places", not only in economic terms, but also as a place to live in the broadest sense, are those where there is collective leadership and participation across all key stakeholders and a shared vision for the "place". The discussions also focussed on the different aspects of place leadership as shown below:

Civic Leadership	Political Leadership	Executive Leadership
- Community representatives - Business representatives	- Elected representatives	- Organisational / management leaders
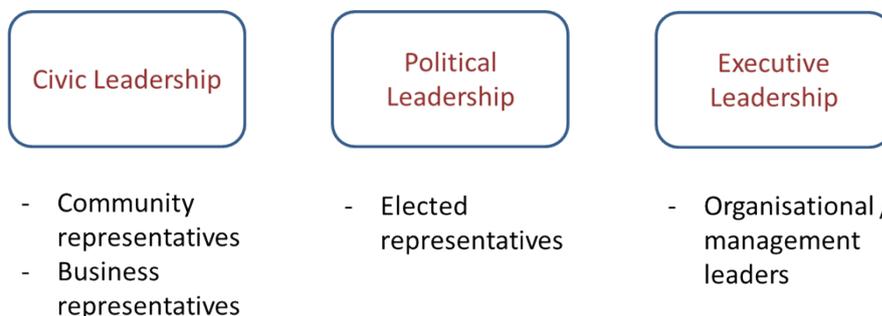
4.9.3 The presentation and reception of these principles at each event have, without exception, been positive. The response has been to:

    a) welcome the engagement;
    b) support an ambition to build the city's existing civic leadership; and
    c) recognise that the engagement and discussions which have been started, must be broadened, deepened and sustained.

In short, there appears to be a desire to continue consideration of enhanced civic leadership including the potential benefits and the practicalities of delivering it. A summary of an engagement event held on 27th January, 2018, is included in Appendix L.

Values and Principles

4.9.4 A number of values and principles have been suggested by community representatives who organised and attended the engagement event on 27th January, 2018, upon which further development of civic leadership and engagement can be taken forward by all stakeholders. These are listed in Appendix L. The Council is invited to consider and endorse these values and principles. The values and principles are in full alignment with the Target Operating Model Design Principles, agreed by Council in August 2017, also outlined in Appendix L.

Collaboration and Co-design

4.9.5 Building on the recent engagement and the Open Space event on 27th September, it is recommended that the Council continue to work with individuals, groups and communities to collaborate and, as far as possible, co-design models for civic leadership and engagement which meet local needs. A number of specific topics have been raised as part of the recent engagement which could be taken forward:-

Planning	Exploring options for communication, engagement and participation within the Planning process. This would take into account the legislative requirements of, the current Planning Bill and building on current practices endorsed

	by the Council and other partners, such as the Place Standard Tool.
Public Purse	Exploring options for communication, engagement and participation in decision making on the "public purse", including the Council and other public services.
Informing and Communicating	Exploring options for improving the sharing and communication of information. Specific issues raised included use of digital media, information portals, Freedom of Information, open data, in addition to traditional methods of communicating and engagement.
Civic Representation and Involvement	Within the context of the Community Empowerment Act, a number of issues and recommendations were raised relating to the role of existing "civic" groups, including Community Councils, the Civic Forum and others. The discussions included: how groups represented broader views; how they communicated and engaged with each other, with communities and individuals and with statutory bodies, including the Council; how they could be further supported in these roles; and the nature of issues / business which groups are involved in. It is suggested that a joint review, including Council, civic and partner representatives, be established to explore these questions.

4.9.6 The Open Space approach taken on 27 January 2018, was well received and it may be that individuals or groups would wish to organise or participate in similar exercises in relation to the specific topics identified above, or indeed other topics. Alternative and additional models have been raised through the engagement, including citizen juries and mini-publics. However, the methodology used is considered less important than building on the co-operation, self-empowerment and shared support which has characterised this work to date. In order to support this, it is recommended that the Council:-

a) endorses the values and principles of civic leadership and engagement as set out in Appendix L noting their alignment with the Target Operating Model Design Principles, agreed by Council in August 2017; and
b) refers the development of models for civic leadership and engagement, to the appropriate committees in order that they might give active consideration to how civic leadership and collaborative decision making could be strengthened within the areas of their responsibility.

4.9.7 As the engagement with "civic leaders" has progressed, so too has collaboration between Council officers and community representatives through researching and reviewing different models and experiences of civic leadership. This has helped to build an understanding of best practice. This engagement is taking place within a context of a changing policy and

legislation. This includes the Community Empowerment Act which places a duty on public bodies to ensure local "voices" are heard in agreeing priorities, as well as giving community groups the right to participate in public decision-making. Other initiatives, such as the Participatory Budgeting models funded and supported by the Council, such as 'Your Streets, Your Say' and 'U Decide' are also relevant to civic leadership. It is also important that future policies, legislation and guidance, such as the "Community Choices" commitment that 1% of each local authority's annual budgets is allocated through a participatory budgeting process, are considered as a means of enhancing civic leadership.

4.10 Implementation and Monitoring

4.10.1 The following will be required to implement the Scheme of Governance documents:

Training and Development

4.10.2 Should the Council approve the proposed Scheme of Governance, it will be essential that all users and audiences understand the system of governance. To this end elected member training is scheduled for late March, with a rolling programme of wider governance training to take place over the following 12 months, including the development of training programmes for each Committee The training will include external members of the Committee discharging education functions and trade union advisors on the Staff Governance Committee.

4.10.3 A Training and Development Plan is in place for officers, from mid-March onwards. This will help ensure that the refreshed institutional governance arrangements are embedded in all areas of the organisation, at all levels, and reinforce that good governance is the responsibility of all officers. This will include:
a)   refreshed guidance and FAQs on the Zone;
b)   a third Tier Network scenario based session on reporting to Committee;
c)   a roadshow of Senior Management Teams; and
d)   drop in sessions for report authors.

Transition and Review

4.10.4 Unless otherwise agreed, all outstanding committee instructions to officers have been re-allocated to the relevant Chief Officer and the relevant committee and captured within the Committee Planners. Any outstanding decisions regarding ongoing projects have been allocated to the most appropriate committee for that matter.

4.10.5 The revised governance documents will support the interim functional structure and facilitate the transition to the Target Operating Model. As with the introduction of any new governance framework, it is foreseeable that further changes will be required so that the Scheme of Governance remains relevant, effective and accurate. Furthermore, the Council will need to monitor the ability of the Scheme of Governance to respond to the pace and agility of new technology. The Chief Officer – Governance will monitor the

implementation of the Scheme of Governance and will report back to Full Council on the operation of the Scheme of Governance within 12 months.

5. URBAN GOVERNANCE

Background

5.1   A distinction was made in the Urban Governance paper approved by the Full Council at its meeting on 23 August 2017 in terms of the leadership of an institution like the Council against the leadership of a place. It acknowledged that the leadership models for each function are different although there may be overlap. In line with the LOIP drivers, the August report highlighted the potential for additional governance under the LOIP and the Regional Economic Strategy drivers of Investment in Infrastructure, Inclusive Economic Growth and Internationalisation.

5.2   Officers have engaged with a number of relevant stakeholders under each of these themes. The objective of the consultation process was to:

   a) seek the views of external stakeholders on the urban governance concept;

   b) highlight those areas where leadership and governance could contribute to the delivery of place outcomes, that are not currently within the remit of existing groups;

   c) test the development of new partnership models; and

   d) test these proposals with the UK Government and the Scottish Government (and/or their agencies).

5.3   The consultations were undertaken in the context of the findings from the Scottish Government's review of the Enterprise and Skills agencies, and the resulting focus on 'regional economic partnerships'; and the ongoing response to the Planning Bill and the review of Regional Transport Partnerships. The figure below illustrates the existing configuration of collaboration by the Council at a regional level.

5.4   There are a number of strategic partnerships that currently operate at a city and regional level. In turn these align to the Regional Economic Strategy renaissance vision for the wellbeing of Aberdeen and its people. The key strategic structures that the Council contributes to are:

   a) City Region Deal (CRD) Joint Committee;
   b) Opportunity North East Board and the Regional Advisory Board;
   c) NESTRANS; and
   d) Strategic Development Planning Authority.

5.5   As well as these strategic structures, there are a number of operational groups that Council officers contribute to, and these include the Regional Economic Strategy Group and the North East of Scotland Trade Group.

Engagement

5.6   The consultations were conducted on the basis of the paper to Full Council in August 2017 Report on Urban Governance. Each consultee was provided with this in advance of a series of face-to-face and telephone meetings. To date, the following organisations have been approached:

     a) Opportunity North East (ONE);
     b) Robert Gordon University (RGU);
     c) Scottish Enterprise (SE);
     d) Skills Development Scotland (SDS);
     e) North East of Scotland College (NESCOL);
     f) Robert Gordon's College (RGC);
     g) Scottish Council for the Development of Industry (SCDI); and
     h) Aberdeen & Grampian Chamber of Commerce (AGCC).

5.7   Based on the feedback, and gaps in the leadership and direction of strategic priorities for the city, a number of 'coordinating structures' for the economic leadership of the city emerge, as well as additional structures for outcomes relating to place and technology. These are summarised in in Appendix M.

Findings

5.8   The proposed groups would not replicate or duplicate the strong existing city and regional structures that already exist. They would instead provide the 'regional economic partnership' approach indicated in the Scottish Government review. However, within these areas, there is an opportunity to provide greater strategic leadership. In particular, they would offer the strength of elected member involvement, government (three layers) and industry leadership to contribute to the achievement of successful outcomes.

5.9   It is anticipated, that when established, the proposed leadership structures would provide updates to the relevant committees of the Council and other groups where relevant. The potential links between the groups and other governance arrangements is provided in Table 3 in Appendix M.

     Findings and Next Steps

5.10   On the basis of the engagement to date, the following steps are recommended:
     a) continue consultation process with proposed participants;
     b) confirm participation of the stakeholders in each group;
     c) confirm commitment of the UK Government and Scottish Government (or their agencies) to participating in the relevant Groups; and
     d) develop a terms of reference for each coordinating group.

6.   PORTFOLIOS AND POSITION IN THE ORGANISATIONAL STRUCTURE

6.1   As noted above, the Council agreed on 11th December, 2017, *"to instruct the Chief Executive to consider the portfolios, and position within the organisational structure of Governance, City Growth, City Planning and the City Centre Masterplan within future proposals."*

City Centre Masterplan

6.2   The City Centre Masterplan Strategic Framework remains a material consideration as a plan for the City. The development of future interventions within that Framework which contribute to the place outcomes for the City will form part of the Council's Place function. As projects are developed and appraised, along with identification of appropriate funding and delivery mechanisms, the Resources function would be responsible for implementation. The position of the City Centre Masterplan, therefore, sits within and across these functions.

City Growth and Strategic Place Planning

6.3   The proposed place function is distinct from the delivery of council services and has a significant externally facing role. As such its portfolio has a relationship with each of the four directorates agreed by Council, as well as with the committee structure proposed within this report. On this basis it is considered that the City Growth and Strategic Place Planning from part of the distinct function of Place. Place planning strategies are reflected in the City Growth and Resources Committee terms of reference.

Governance

6.4   The Governance Function will be responsible for developing, maintaining and improving the Council's Governance Framework. This cross-service framework will be based on the CIPFA Principles of Good Governance. The framework will aim to deliver the aspirations of the LOIP through informed and transparent decision making which is subject to effective scrutiny and risk management. The Governance Function will be responsible for providing assurance to elected members and external auditors that the Council is complying with these principles through the Annual Governance Statement. It will do this in partnership with all Council services, operating as an enabling Function to support all services to fulfil their governance responsibilities.

6.5   The Governance Function will be led by the Chief Officer – Governance. This post holder will also hold the role of Monitoring Officer. The Monitoring Officer of the Council requires the ability to provide independent and impartial advice to the Council and continue to have direct and regular access to the Chief Executive. The Chief Officer – Governance will be supported in their role by the services attached to the Governance Function.

6.6   The Accounts Commission expects councils to achieve the highest standards of governance particularly in the context of significant changes in the way that local government operates. Taking into account the importance of robust governance arrangements to the success of the Council and the nature of the

roles and responsibilities of the Governance Function, it is appropriate that the Function reports directly to the Chief Executive.

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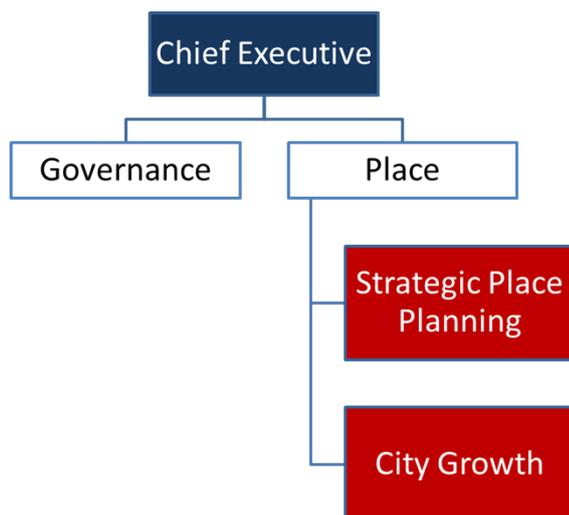
7.   FINANCIAL IMPLICATIONS

7.1   When making appointments, the Council must have regard to the structure for the payment of allowances to Councillors as detailed in section 4 of this report.

7.2   There are no direct financial consequences from the adoption of the Scheme of Governance, but having a robust governance framework will assist measures to support organisational change and achieve budgetary targets. The Financial Regulations contained within the scheme are an integral part of the stewardship of Council Funds. Adhering to the Regulations ensures that all financial transactions of the Council are conducted in a manner which demonstrates openness, integrity and transparency.

7.3   There are no direct financial implications resulting from the proposals relating to civic leadership and engagement. Any financial implications resulting from specific proposals for participation in decision making will be evaluated on a case by case basis and reported to the appropriate Committees as required.

8.   LEGAL IMPLICATIONS

8.1   The Scheme of Governance is a comprehensive update of the Council's current governance documents. The Scheme of Governance has been designed to help the Council comply with its statutory duties and functions. It is also designed to be consistent with both Target Operating Model principles and with CIPFA principles of good governance.

8.2   Under Section 56 of the Local Government (Scotland) Act 1973 the Council may arrange for the discharge of any of its functions, subject to some exceptions, by a Committee or a Sub Committee. The Council's current committee structure and terms of reference are detailed in the Committee Orders of Reference. The Scheme of Governance substantially revises these

to reflect the design principles of the Target Operating Model. The new structure is designed to be more efficient and focussed on outcomes. Section 57(3) of the Local Government (Scotland) Act 1973 states that a Committee or Sub-Committee may have members who are not Councillors. Councillors must make up at least two-thirds of the members of any Committee or Sub-Committee. However, a Committee or Sub-Committee which regulates or controls the finance of a Local Authority must be made up entirely of Councillors. This would include the City Growth and Resources Committee and the Strategic Transformation Committee. Section 124(2)(a) of the Local Government (Scotland) Act 1973 provides, as an exception to the general rule, that where a committee is established to advise the Council on any matter relating to the discharge of its functions as Education Authority or to discharge any of those functions on the Council's behalf, then up to one-half of its members must be elected members.

8.3   Section 56 of the Local Government (Scotland) Act 1973 also provides that the Council may arrange for the discharge of any of its functions, subject to some exceptions, by an officer of the Council. The Council currently has a list of Delegated Powers detailing those powers delegated to officers. The Council is separately required by Section 43A of the Town and Country Planning (Scotland) Act 1997 to publish a Scheme of Delegation detailing how certain planning applications are to be dealt with by officers. The Council also currently has a separate 'Planning Scheme of Delegation' which complies with this requirement. The Scheme of Governance brings these two schemes together in one document. The Scheme of Governance also clarifies existing delegations, removes obsolete delegations and reflects changes to legislation. The existing 'Planning Scheme of Delegation', which will be effective until Scottish Ministers approve the revised scheme, can be viewed here: https://www.aberdeencity.gov.uk/services/planning-and-building/planning-applications/scheme-delegation

8.4   The Council is empowered by Section 62 of the Local Government (Scotland) Act 1973 to make, vary or revoke standing orders respecting Council, committee or sub-committee meetings. The Scheme of Governance combines all of the Council's standing orders to create a single set of standing orders. These standing orders reflect the new management structure and provide additional clarity.

8.5   The Council is required to adhere to stringent financial controls and practices by legislation. The Financial Regulations adopted by the Council are an integral part of the proper management of public funds by Council Officers. The Scheme of Governance updates the financial regulations to reflect the Target Operating Model. The regulations are also updated to reflect the Council's bond issue.

8.6   The Council is also required to abide by several pieces of legislation when undertaking procurement. These include the Procurement Reform (Scotland) Act 2014 and several EU Directives on procurement. The current Procurement Regulations were approved in 2016 and ensure that the Council acts in accordance with legislation. The Scheme of Governance updates these regulations and proposes thresholds for approval of contracts. These changes are consistent with the empowerment of staff as envisaged by the

Target Operating Model and allow for more efficient decision making. This will help enable the Council to act more commercially and achieve best value by speeding up our decision making process.

8.7   The Council has a responsibility to scrutinise local police plans and local fire and rescue plans. Local police plans are produced by Police Scotland's Local Commander in accordance with section 47 of the Police and Fire Reform (Scotland) Act 2012. Local fire and rescue plans are produced by the Scottish Fire and Rescue Service in accordance with section 41E of the Fire (Scotland) Act 2005. In each case, the plans are submitted to the Council for scrutiny and approval.

8.8   The Council also has a number of other responsibilities imposed by both of the Police and Fire Reform (Scotland) Act 2012 and the Fire (Scotland) Act 2005. These include commenting on national plans and responding to consultations. They also include working closely with both Police Scotland and the Scottish Fire and Rescue Service on local service delivery and priorities.

8.9   It is proposed that both local police plans and local fire and rescue plans are scrutinised by the Public Protection Committee.

8.10   The Scheme of Governance facilitates the Council's pursuit of the CIPFA Governance Mark of Excellence. It updates the current governance documents to reflect the Target Operating Model and to reflect changes in both legislation and Council operations.

9.   MANAGEMENT OF RISK

9.1   An assessment of risk has been made, and is summarised below, against each of the following categories:

Financial
The direct financial implications arising from the recommendations of this report are set out above and considered to be low risk. Having a robust scheme of governance, incorporating financial regulations, mitigates against the risk of poor financial management, poor value for money, fraud and financial loss.

Employee
No direct employee risks have been identified.

Customer / citizen
In relation to civic leadership and engagement, there exists a risk that through the collaborative approach proposed it may not be possible to agree or implement individual suggestions and/or collective recommendations. There may be statutory, financial, practical or some other reason for this. The risk is that expectations are not met and participants may be dissatisfied with the outcome. In order to mitigate this it will be necessary, that throughout any collaboration in which the Council participates, legislative, financial and other restrictions are identified and agreed at an early stage;

Environmental

No direct environmental risks have been identified.

Technological

No direct technological risks have been identified.

Legal

Implications have been identified and are set out above in section 8.

Reputational

There may be a reputational risk relating to that identified for "Customer / Citizen" above.

10. IMPACT SECTION

Economy

10.1 The Council aims to support improvement in the local economy to ensure a high quality of life for all people in Aberdeen. The proposals include a co-ordinating structure for economic growth of the city. These are in line with the LOIP drivers and the Regional Economic Strategy drivers of Investment in Infrastructure, Inclusive Economic Growth and Internationalisation.

People

10.2 As set out above, the report includes proposals, which align to the agreed design principles of the Target Operating Model, to strengthen transparency, accountability, engagement, inclusiveness, shared vision and values, a commitment to joint learning. These are directly relevant and fulfilment of the vision and ambition of the LOIP and the Strategic Business Plan.

Place

10.3 There is no direct impact on the place, however, the governance arrangements proposed are designed to strengthen shared leadership of the place.

Technology

10.4 The Council recognises that enabling technology is central to innovative, integrated and transformed public services. The proposals within this report will be supported, where possible, by innovative use of technology.

11. BACKGROUND PAPERS

Council Target Operating Model – Report to Council, 23rd August 2017
Target Operating Model – Report to Council, 11th December 2017

12. APPENDICES
A. Scheme of Governance Introduction
B. Committee Terms of Reference

C. Powers Delegated to Officers
D. Standing Orders for Council, Committee and Sub Committee Meetings
E. Financial Regulations
F. Procurement Regulations
G. Member Officer Relations Protocol
H. Committee Compositions
I. Responses from Trade Unions
J. Committee Effectiveness - Annual Report Template
K. Council Diary – 1st April 2018 to 1st April 2019
L. Civic Leadership Values and Principles
M. Urban Governance Coordinating Structures
N. Powers Delegated to Officers – Primary Changes

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