

Sport Aberdeen (SA)

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| Sector | Sport and Leisure |
| Level of ACC Control | Council is the sole guarantor |
| ACC Funding 2018-19 | £5,353,082 |
| Function | Commissioning |

The Hub requested assurance in the following areas:-

1. Adventure Aberdeen Transfer to Sport Aberdeen

1.1 Assurance on Sport Aberdeen Preparations – SA have commissioned a specialist, external consultant to undertake due diligence on Adventure Aberdeen (AA) and to support the integration process. The consultant has conducted an audit of AA in order to identify inefficiencies and secure best value as it was intended for all AA assets to transfer to SA. SA also confirmed that a Project Integration Team had been established to facilitate the transfer of AA into SA which was led by SA's Business Development Director and accountable to the Board. SA highlighted that the transfer had been added to SA's risk register with appropriate controls developed to mitigate risk.

1.2 Assurance on Adventure Aberdeen Staff Transferring to Sport Aberdeen – SA explained that a TUPE transfer was ongoing and it was intended for AA staff to transfer on their current terms and conditions (as required under TUPE). Any new employees would adopt SA employee terms and conditions; SA added that the extent of pension entitlement would be established by the external consultant and considered within the TUPE process. SA advised that it was their intention for AA to continue to operate as business as usual within the SA governance framework and explained that AA staff would receive an induction on 26-27 March 2018 from the SA Chairman, Managing Director and members of the company's SMT on SA's corporate culture; policies, procedures and systems; financial management; and personal development.

SA took the view that integration would benefit AA as staff would have more direct access to SA management due to its streamlined management structure and AA would have greater access to SA contacts such as corporate sponsors and through programmes like Active Schools. SA had also identified opportunities for maximising AA income through greater use of AA assets for public and corporate events in order to deliver an operating profit within two years.

1.3 Assurance on Managing Outstanding Issues – SA explained that its external consultant had identified a number of key issues that needed to be resolved before AA was fully integrated within SA, these include:-

- Undertaking an Asset Condition Assessment of AA facilities, equipment and transport fleet;
- Finalising the building lease transfer to SA;
- Linking AA IT systems with the SA network (this has now been completed); and
- Determining the most appropriate management alignment

SA advised that the integration of AA into SA did not require any alterations to SA's service level agreement (SLA) as this was covered under the change control process within the existing SLA. They highlighted that the transfer was expected to be complete by 1 April 2018. SA added that they did not expect to receive business rate relief for AA facilities as the Scottish Government had set out its intention in December 2017 to block this method of rate relief in response to mitigating the recommendations of the Barclay review for existing ALEOs.

2. Garthdee Alpine Sports Merger with Sport Aberdeen

2.1 Assurance on Sport Aberdeen Preparations – The SA Project Integration Team, with support from the external consultant is leading on the merger and is accountable to the Board. The merger between SA and Garthdee Alpine Sports (GAS) is more complex than the integration of Adventure Aberdeen into SA as GAS is an independently registered charity, of which the Council is one of five guarantors. SA advised that the three primary bodies involved in the merger (Aberdeen City Council, SA and GAS) have all appointed separate legal representation, with the Legal Team within the Commercial Procurement Service providing legal support for the Council. SA confirmed that the GAS Board had agreed to proceed with the merger in late January 2018 and SA would have oversight of a shadow GAS Board and interim management structure until the merger was finalised. SA highlighted that the transfer required OSCR approval, but assessed the risk of refusal to be low.

2.2 Assurance on the Proposed New Governance Arrangements Following the Merger – SA advised that two spaces on the SA Board would be reserved for Directors with expertise in snow sports and a new SA committee would be established to oversee snow sport and adventurous activity and would include both Board members and co-optees in order to retain contributions from individuals with expertise and a passion for snow sport and adventurous activities. SA also confirmed that the SA Board agreed for all GAS assets and liabilities to be transferred to SA and that GAS staff and facilities would adopt SA policies, procedures and systems; including those in relation to risk management, financial

management and governance. SA highlighted that the merger with GAS had been added to its corporate risk register, with the development of appropriate controls to mitigate risk.

2.3 Assurance on Managing Outstanding Issues - SA explained that they had identified a number of key issues which needed to be resolved before the merger with GAS could be finalised, these include:-

- Undertaking due diligence on GAS assets, equipment and systems; including a building condition assessment of the Snow sport facility and slope in Garthdee
- Establishing the extent of GAS pension entitlements and transferring GAS staff on their current terms and conditions (as required under TUPE);
- Delivering an induction to GAS staff on SA corporate culture; policies, procedures and systems; financial management; and personal development;
- Confirmation by Aberdeen City Council on the value of GAS' annual funding settlement; and
- Confirmation of the Council's position in relation to GAS' financial reserves, particularly if they remained ring-fenced for slope and facility maintenance and whether they would be passported to SA upon completion of the merger.

SA also explained that once notification of the merger had been lodged with OSCR, OSCR would have 42 days to object to the merger and assessed the risk of objection to be low. SA advised that the integration of AA into SA did not require any alterations to SA's service level agreement (SLA) and was covered under the change control process within the existing SLA. SA took the view that there were no significant Barclay Review implications with regards to the merger as they assumed that GAS' relief from business rates would remain in place as the organisation would merge with another ALEO which was also exempt from business rates.

3. GDPR

3.1 Assurance on existing approach towards Data Protection – SA provided a copy of its existing Data Protection Policy.

3.2 Assurance on General Data Protection Regulation (GDPR) preparations – SA provided a report on GDPR that was presented to its Corporate Governance Committee on 2 March 2018. The report outlined the resource allocated towards GDPR compliance and ongoing consultation with Bon Accord Care to share the

services of an external Data Protection Officer. SA explained that an internal working group had been formed with representation from across the organisation to prepare for GDPR implementation and to oversee the creation of a data map, based on an Information Commissioner's Office (ICO) template which audited all types of data held by SA including: electronic; hard copy; photographic and video images.

SA noted that its Business Development Director was accountable to the Board for GDPR implementation and regularly provided progress updates. SA also highlighted that the internal GDPR working group had identified a number of key actions to be completed prior to GDPR coming into effect, these include:-

- Reviewing its third party contracts to ensure data security
- Updating its privacy notice
- Cleansing data held in absence of clear consent
- Securing software to manage data consents
- Strengthening its ICT policy to prevent unauthorised data transfer or loss
- Reviewing its data retention schedules

SA added that they were currently reviewing policies and procedures in the following areas:-

- Data security / storage
- Obtaining consent
- Contracts with third parties
- Subject access requests
- Data retention policy
- Data protection impact assessments
- Data anonymisation
- Personal data breach policy, including recording and notification

3.3 Assurance on GDPR training – SA advised that the senior management team and relevant staff that handle data regularly had received training on GDPR and its implications and had attended training courses provided by SPORTA (National Association of Leisure & Cultural Trusts) and Aberdeen City Council. SA highlighted that they may be commissioning the services of an external Data Protection Officer to provide training for staff between March-May 2018, it was intended that this training would be delivered in two formats:-

1. Introductory (likely online) training for frontline staff who need to have a basic understanding of GDPR; and
2. More detailed training for staff who handle data on a regular basis.

3.4 Assurance on GDPR readiness – SA reported to its Board on 21 March 2018 that the organisation had made satisfactory progress towards being GDPR

compliant and had an implementation plan in place to meet these requirements. The Board noted that the Corporate Governance Committee would be asked to consider and approve SA's GDPR policy and procedures at its next meeting on 11 May 2018.

4. Assurance Hub Assessment – The Hub noted that SA had appointed a specialist consultant to undertake due diligence on AA and GAS and provide support to the Project Integration Team during the integration process. The Hub took the view that SA had identified the key steps that needed to be taken and allocated sufficient resource to deliver integration. SA had also recognised the risks surrounding integration and had updated their corporate risk register appropriately. The Hub was assured that AA and GAS would adopt SA policies, procedures and systems as the Hub felt that the robustness of SA governance arrangements would strengthen GAS, particularly in areas identified by the Hub as high risk such as data protection and business continuity planning.

The Hub was also assured that SA would have oversight of the shadow GAS Board and interim management team during the transition period and planned to deliver induction training for GAS staff to welcome them into SA. The Hub further welcomed SA's decision to open up two spaces on the SA Board for directors with expertise in snowsports and the formation of a dedicated Snowsports and Adventurous Activity Committee to ensure these remained priority areas and expertise and momentum were not lost.

With regards to GDPR, the Hub received legal advice that SA had made a good start in their preparations and covered a number of key areas that were essential for compliance, these included:-

- Identification of resource
- Recognition of the need to update existing policies and procedures
- Acknowledgement of the need for additional policies and procedures
- Creation of an extensive data map
- Formulation of an action plan which deals with contracts, privacy notices, cleansing of data, update of ICT policies and retention schedules
- Development of training plan to roll out to all staff

The Hub agreed that due to the administrative and regulatory demands of implementing GDPR which would involve significant systematic and procedural change, in addition to the higher costs and risks of a data breach, it was felt that a **Medium Risk** rating was the best score it could assign to any organisation (including the Council) but highlighted that this risk may reduce once GDPR systems,

processes and practice became embedded. As such, the Hub was as assured as it could be that SA had readied the organisation for GDPR implementation and had adequately mitigated risk to the Council.

Overall, based on the assurance provided, SA's governance arrangements were assessed as **Low-Medium Risk** to the Council. In comparison to the level of risk assigned to SA at the Hub's last meeting, there was a negative movement in risk rating from the low risk score reported to the Audit, Risk and Scrutiny Committee on 23 November 2017. The Hub acknowledged that this movement was largely due to the complexity of implementing GDPR and the challenges of integrating AA and GAS into SA and not a reflection on SA's governance arrangements which remained robust. The Hub resolved to request a further update from SA at its next meeting to provide the Committee with assurance on how AA and GAS had been embedded into SA.

| Assurance Standard - May 2018 | Risk Rating |
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| Unambiguous responses demonstrating clear understanding and comprehensive ability to fulfil ACC requirements, giving full detail as how these are achieved. | Very Low |
| Responses provide evidence of good understanding and compliance although limited detail provided for some areas | Low |
| Responses provide some indication of understanding and compliance | Medium |
| Minimal or poor responses providing little evidence of understanding or compliance. | High |
| Nil or inadequate responses with little or no understanding of requirement or evidence of compliance. | Very High |