



## Audit and Performance Systems Committee

<b>Report Title</b>	Audit Scotland Report: Councils' use of arm's-length organisations.
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<b>Report Number</b>	HSCP.18.042
<b>Date of Report</b>	17.05.2018
<b>Date of Meeting</b>	12.06.2018

### 1: Purpose of the Report

To provide the Committee the opportunity to discuss and comment on the Audit Scotland Report 'Councils' use of arm's length organisations'.

### 2: Summary of Key Information

It is generally accepted as good practice for the audit committee of public bodies to review relevant national reports and reflect on the recommendations in the content of their own organisation.

An arms' length external organisation (ALEO) is a term used to describe an organisation that is formally separate from the council but is subject to its control or influence. The level of control or influence can vary. ALEOs can take many forms and the services they deliver include leisure, transportation, property development and care services.

The attached report from Audit Scotland outlines a performance audit building on the good governance messages of earlier work. It also examines further the reasons councils use ALEOs and the extent to which they are improving services and meeting their intended objectives. In summary, the audit examined:

1. Councils' reasons for using ALEOs
2. How councils oversee and govern ALEOs



## Audit and Performance Systems Committee

### 3. What ALEOs have achieved

The report provides three recommendations (pg. 6) to councils for when they are deciding whether an ALEO is the best way to provide services over the longer term, while providing value for money. It also makes many recommendations stating that councils should continue to apply the Following the Public Pound principles.

This report is relevant to the Integration Joint Board, and therefore the Audit & Performance Systems committee, as the IJB contracts services from Bon Accord Care (an ALEO of Aberdeen City Council). Social care ALEOs, including Bon Accord Care, are examined in detail over pages 31-33 of the report.

#### Appendices

**A.** Audit Scotland (May 2018) *Councils' use of arm's-length organisations.*

### 3: Equalities, Financial, Workforce and Other Implications

There are no equality, financial or workforce implications arising directly from this report.

### 4: Management of Risk

**Identified risk(s):** None to the IJB or Partnership as a direct result of this report.

### 5: Recommendations

It is recommended that the Audit & Performance Systems Committee:

1. Review, discuss and comment on the report attached as Appendix A.