

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny
<b>DATE</b>	22 February 2022
<b>REPORT TITLE</b>	ALEO Assurance Hub – Workplan and Terms of Reference
<b>REPORT NUMBER</b>	COM-22-039
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Vikki Cuthbert
<b>TERMS OF REFERENCE</b>	Remit - 1.2

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### 1. PURPOSE OF REPORT

To present the ALEO Assurance Hub workplan for 2022 including the dates for reporting.

### 2. RECOMMENDATIONS

That the Committee –

- 2.1 note the workplan for the ALEO Assurance Hub in 2022 which has been reviewed by the Risk Board and consulted upon with the ALEOs and the relevant Conveners; and
- 2.2 note the Terms of Reference for the ALEO Assurance Hub which have been reviewed by the Risk Board.

### 3. BACKGROUND

- 3.1 The ALEO Assurance Hub is one component of the ALEO Assurance Framework which provides a basis for the Council to oversee and support its arms-length external organisations. The Hub reports twice a year to this Committee to provide assurance that systems and policies are in place in each ALEO to mitigate and manage risks to the organisation and to the Council.
- 3.2 The Hub has in place a Terms of Reference which are reviewed annually by the Risk Board. These are attached at **appendix A** to the report. There are no proposed revisions to this document.
- 3.3 Attached at **appendix B** is a workplan for 2022. The ALEO Assurance Hub met with each ALEO in December 2021 to discuss proposed reporting arrangements, in particular to seek feedback on how the Hub can maximise its role in helping each ALEO to provide adequate assurance to this Committee. Some adjustments have been made to the reporting timescales – now proposed for June and December (previously May and September) - and to the frequency of assurances sought in areas which are well established within each organisation. For instance, a review of risk registers will now be undertaken annually by the Hub, as we have adequate

assurance that Boards are managing risks through regular discussion at quarterly meetings.

#### 4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report.
- 4.2 The role of the Hub is to ensure that ALEOs provide assurance that risks, including financial ones are identified and managed. One of the Hub’s primary functions is to ensure that the Council is able to follow the public pound as outlined in Accounts Commission guidance.

#### 5. LEGAL IMPLICATIONS

- 5.1 Legal officers within Commercial and Procurement Services have reviewed ALEO Service Level Agreements which aim, amongst other things, to facilitate the ALEO Assurance Framework. These have been modified to recognise the requirements of the Assurance Hub to receive assurance regarding systems of governance, company outcomes and risk management and mitigation.
- 5.2 The Hub will help identify any projects and/or initiatives that could influence investment decisions of Bond holders or the Council’s credit rating and ensure that the appropriate governance is put in place. This adds to the Council’s existing Bond governance arrangements.

#### 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	Ability of ALEOs to support the Council in meeting its strategic outcomes.	(M)	The Assurance Hub process mitigates against this risk by monitoring ALEO contribution to ACC strategic outcomes. This includes review of ALEO risk registers.
<b>Compliance</b>	ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes.  GDPR Compliance.	(L)	Commercial and Procurement Services has reviewed ALEO service level agreements to ensure they remain robust and fit for purpose.  The Strategic Commissioning

			<p>Committee has oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements.</p> <p>The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure.</p> <p>The Legal Governance Team provide support and advice to the Hub on the steps ALEOs are taking on GDPR compliance in order for the Hub to provide assurance to Committee on ALEOs' management of this risk.</p>
<b>Operational</b>	Failure of ALEOs to deliver services according to agreed Service Level Agreements	M	Monitored by Strategic Commissioning Committee which has oversight of ALEO strategic business plans.
<b>Financial</b>	Financial failure of ALEOs impacting on the Council and its credit rating.	M	ALEOs report financial performance and governance to their boards and present their annual accounts for scrutiny by an external auditor. One of the Hub's key functions is to provide assurance to

			Committee on the financial management of Council ALEOs.
<b>Reputational</b>	Impact of performance or financial risk on reputation of ACC.	L	Regular reporting to this Committee from the Hub provides adequate control.
<b>Environment / Climate</b>	No direct risks arising from the report's recommendations.		

## 7. OUTCOMES

7.1 The recommendations within this report have no direct impact on the Council Delivery Plan.

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Impact Assessment</b>	Full impact assessment not required.
<b>Data Protection Impact Assessment</b>	Not required.

## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES

**Appendix A** – ALEO Assurance Hub Terms of Reference

**Appendix B** – ALEO Assurance Hub Workplan 2022

## 11. REPORT AUTHOR CONTACT DETAILS

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