

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	05 July 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Reconfiguration of working arrangements with Arm's Length External Organisations (ALEOs)
REPORT NUMBER	COM/23/218
DIRECTOR	Gale Beatie
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	David Leslie
TERMS OF REFERENCE	2.1.1 & 2.1.2

1. PURPOSE OF REPORT

- 1.1 At its meeting on 24 August 2022, the Council agreed the following transformation project 'Reconfiguration of working arrangements with Arm's Length External Organisations', as part of the below decision:
- (1) *to agree the Target Operating Model (TOM) 1.2 for 2022-27, attached to the report as Appendix A, to support the necessary scale of transformation to deliver the level of savings required over the next 5 years, as outlined in the Medium-Term Financial Strategy (MTFS).*
- 1.2 Council also agreed at its Budget meeting on 3 March 2023:
- (1) *To instruct the Director of Commissioning in conjunction with the Director of Resources to begin discussions with Sport Aberdeen to review their assets and their business delivery model, with a view to Sport Aberdeen becoming financially independent from the Council and to report back to Council before the end of the financial year 2023/24; and*
- (2) *to instruct the Chief Officer - City Growth, in consultation with partner organisations, such as Aberdeen Performing Arts (APA), to bring back a report on how best to allocate funding to cultural organisations from both the General Fund and Common Good budgets and to report back to Council before the end of the financial year 2023/24*
- 1.3 Taking those decisions into consideration and as the next step to delivering on them, the purpose of this report is to seek approval for officers, in conjunction with our ALEOs, to carry out an options appraisal, considering all potential working arrangements and delivery models for our ALEOs.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Note the previous decisions of Council at its meetings on 22 August 2022 and 3 March 2023;
- 2.2 Instruct the Chief Executive to carry out an options appraisal on all potential working arrangements with our ALEOs and develop an Outline Business Case with the output from that options appraisal, and for that Outline Business Case, accompanied by a draft project plan underpinning the preferred options(s), to be submitted to Full Council at its meeting on 11 October 2023;
- 2.3 Instruct the Chief Executive to invite the Chief Executives of all ALEOs, or a nominated representative, to be a member of an Executive Steering Group to oversee the options appraisal and development of the Outline Business Case; and
- 2.4 Instruct the Chief Executive to establish a working group to take forward the options appraisal and complete the outline business case, and invite ALEOs to nominate representatives to be part of that working group.

3. CURRENT SITUATION

- 3.1 The Council's environment continues to be extremely complex and multi-dimensional, with significant demand and a high ambition for improvement. This places pressure on how we resource all elements of Council activity to the desired level and where funds are deployed for best value, meaning the Council will need to continue to reduce costs and increase income in an environment of increasing demand on Council services.
- 3.2 The TOM 1.2 focuses on further embedding the design principles and capabilities, supporting deeper and broader service redesign. Crucially it will enable the organisation to deliver savings required for the next 5 years from 2023/24 to 2027/28 as set out in the Medium-Term Financial Strategy (MTFS), and the Transformation Programme has been developed to align with the timeline set out in the Medium-Term Financial Strategy (MTFS).
- 3.3 The Transformation Programme consists of 8 projects and one of those is the 'Reconfiguration of working arrangements with Arm's Length External Organisations (ALEOs)'. The project was to look at all areas of the working arrangements with our ALEOs, starting with a fresh review of all SLAs, ALEO Business Plans and usage of estate, to inform an option appraisal on potential alternative delivery models. The project will also look to deliver clear social outcomes through enhanced collaboration of early intervention programmes.
- 3.4 The next steps in the delivery of this project is to carry out an option appraisal looking at all potential delivery models and the advantages and disadvantages of each option. The option appraisal output will be captured and submitted to Council in an Outline Business Case that will have a preferred option for each

ALEO. This will be accompanied by a draft project plan underpinning the preferred option(s).

3.5 All ALEOs will be considered as part of the scope of this project:

- Sport Aberdeen
- Bon Accord Care
- Aberdeen Sports Village
- Aberdeen Performing Arts
- Aberdeen Heat and Power

3.6 To oversee the work an Executive Steering Group will be established, consisting of Council employees and representatives from the ALEOs. They will provide strategic direction and oversee the work being delivered by the Working Group, also consisting of Council employees and colleagues from the ALEOs.

3.7 The team will firstly do an intensive exercise to collate detailed financial, contractual, legal, people, and assets, data for initial analysis and to feed the option appraisal.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations in this report.

4.2 Any potential financial implications will be identified as part of the options appraisal and documented in the Outline Business Case that will be presented to Council.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations in the report.

5.2 Any potential legal implications will be identified as part of the options appraisal and documented in the Outline Business Case that will be presented to Council.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations in this report.

6.2 Any potential environmental implications will be identified as part of the options appraisal and documented in the Outline Business Case that will be presented to Council.

7. RISK

- 7.1 There are no direct risks or implications arising from the recommendations in this report.
- 7.2 Any potential risks and implications will be identified as part of the options appraisal and documented in the Outline Business Case that will be presented to Council.

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	<p>The ALEOs are a vehicle for the Council to deliver our commissioning intentions, articulated in the Council Delivery Plan, as well as the commitments in the policy statement.</p> <p>There are no direct implications to this arising from this report.</p>
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	<p>The ALEOs are a vehicle for the Council to deliver our commissioning intentions, articulated in the Council Delivery Plan, and these support our commitment to delivering the LOIP stretch outcomes.</p> <p>There are no direct implications to this arising from this report.</p>
Prosperous People Stretch Outcomes	
Prosperous Place Stretch Outcomes	
Regional and City Strategies	There are no direct implications to this arising from this report.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required at this stage
Data Protection Impact Assessment	Not required at this stage

Other	None
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10. BACKGROUND PAPERS

10.1 Council Target Operating Model (TOM) 1.2

10.2 General Fund Revenue Budget and Capital Programme report to Council.

11. APPENDICES

11.1 None.

12. REPORT AUTHOR CONTACT DETAILS

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