

## ALEO Assurance Hub – Terms of Reference

Arms-Length External Organisations (ALEOs) are companies, charities and other bodies that are separate from the Council but subject to its control or influence.

The purpose of the Assurance Hub is to receive assurance from ALEOs that appropriate systems and policies are in place to mitigate and manage risks to the organisation and to the Council. For the avoidance of doubt, the ALEO Assurance Hub shall provide high level, strategic oversight of ALEOs but will not undertake quality checks on the operation of ALEOs.

The Assurance Hub shall promote the principles of accountability and transparency as set out in the Following the Public Pound Guidance.

- 1) The Assurance Hub is one component of the ALEO Assurance Framework which is the basis for how the Council oversees and supports its arms-length bodies. The other elements of the Framework are:
  - a. Regular performance review of ALEOs by Full Council through the submission of annual business plans.
  - b. Quarterly financial reporting for ALEOs within the Council's Financial Performance Report to the Finance and Resources Committee to provide assurance on the Council's bond issue and on financial performance;
  - c. Monthly meetings of the ALEO Strategic Partnership as a forum for senior Council and ALEO representatives to discuss high level strategic issues such as business planning and horizon scanning, in line with the Medium-Term Financial Strategy (MTFS);
  - d. Representatives of the Head of Commercial and Procurement, known as Service Leads are assigned to each ALEO to provide them with a single point of contact at the Council. Service Leads will be the Council's primary liaison officer with ALEOs and will be in regular contact with ALEOs to discuss strategic, operational and performance matters; and
  - e. The Director of Corporate Services acts as a key strategic liaison for all ALEOs.
- 2) The membership of the Hub shall consist of:
  - a. The Assurance Manager;
  - b. The Corporate Risk Lead
  - c. A representative of the Chief Officer - Finance; and
  - d. The Committees Lead (officer).
- 3) The Assurance Manager shall be the Chairperson of the Assurance Hub.
- 4) The Head of Commercial and Procurement or his or her nominee shall be invited to attend meetings as advisers to the Hub as required.
- 5) The Hub may co-opt additional advisors as required.
- 6) The Hub shall receive assurance from each ALEO within its remit at least once a year.
- 7) The Hub shall have the authority to increase or reduce its oversight of ALEOs based on the level of assurance it has received.
- 8) The Hub may invite ALEO representatives to attend Hub meetings to provide information and assurance on relevant matters as requested.

- 9) The Hub shall report its level of assurance on ALEOs to the Audit, Risk and Scrutiny Committee.
- 10) The Hub shall be responsible for setting its own programme of scrutiny in the form of an annual workplan. The Hub shall consult on this with the Risk Board, ALEOs and Conveners and Vice Conveners of the following Committees and Boards:-
  - a. Audit, Risk and Scrutiny;
  - b. Full Council;
  - c. Finance and Resources; and
  - d. Integration Joint Board
- 11) An open invitation shall be extended to the Council's internal and external auditors to attend Hub meetings as appropriate in order for them to meet their audit objectives.
- 12) The Hub shall receive assurance on ALEOs risk management, financial management and governance arrangements through exception reporting and officers will assess ALEO governance and management of risk through a scoring matrix.
- 13) To ensure that risk posed to the Council by ALEO operations is monitored, the Hub shall oversee ALEO risk management arrangements including:
  - a. Risk management policy;
  - b. Management of risk registers;
  - c. Risk identification structures, including horizon-scanning;
  - d. Risk appetite;
  - e. Business continuity planning; and
  - f. ALEO internal and external audit reports.
- 14) To ensure compliance with Following the Public Pound guidance, the Hub shall oversee ALEOs:
  - a. Financial Resilience to ensure oversight of forward planning;
  - b. Financial governance and financial management to provide assurance on stewardship;
  - c. Accounting practices; and
  - d. Financial performance.
- 15) The Hub shall review ALEO decision making structures including:
  - a. Reporting arrangements, including powers reserved to the Board and powers delegated to executive officers;
  - b. Compliance with key governance standards, such as codes of conduct;
  - c. The composition and capacity of the board;
  - d. Transparency and accountability;
  - e. Induction and ongoing training programmes for Board members;
  - f. Ongoing assurance around information governance arrangements and data protection compliance;
  - g. Progress against recommendations made within Audit Scotland's report on *How councils use arms-length organisations*; and
  - h. Compliance with the Public Sector Equality Duty under the Equality Act 2010.
- 16) The Hub shall monitor high level employment practices.
- 17) The Hub shall monitor reports relating to ALEOs from the Council's internal and external auditors and address any recommendations which are within the remit of the

Hub's terms of reference. The Hub shall monitor best practice guidance from organisations such as Audit Scotland and the Standards Commission for Scotland on the development of guidance relating to ALEOs.

- 18) The Hub shall monitor co-ordination arrangements between ALEO partners where the Council is not the sole shareholder.
- 19) The Hub shall receive assurance that ALEOs are supporting the Council to meet its obligations under the CONTEST Strategy and under the Civil Contingencies Act 2004 as a Category 1 responder.
- 20) The following organisations have been deemed to be ALEOs and will be subject to the Hub's oversight arrangements:
  - a. Aberdeen Heat and Power;
  - b. Aberdeen Performing Arts;
  - c. Aberdeen Sports Village;
  - d. bp Aberdeen Hydrogen Energy Ltd and
  - e. Sport Aberdeen.
- 21) The Risk Board, chaired by the Chief Officer – Governance, will review these Terms of Reference annually to ensure their ongoing appropriateness in monitoring ALEO governance.