AGENDA ITEM 10

REPORT NO 534/11

ANGUS COUNCIL

SCRUTINY AND AUDIT SUB-COMMITTEE – 23 AUGUST 2011

AUDIT SCOTLAND REPORT – ARM’S - LENGTH EXTERNAL ORGANISATIONS (ALEOs):
ARE YOU GETTING IT RIGHT?

REPORT BY THE DIRECTOR OF CORPORATE SERVICES

ABSTRACT

This report informs the Sub-Committee of Audit Scotland’s report ‘Arm’s – external organisations (ALEOs): are you getting it right?’ and highlights that whilst Angus Council is not materially impacted by the report, its content will be suitably utilised.

1. RECOMMENDATIONS

The Sub-Committee is recommended to:

(i) note the terms of Audit Scotland’s report ‘Arm’s – length external organisations (ALEOs): are you getting it right?’;

(ii) note that Angus Council presently has in place two organisations that are considered to fall within the definition of an ALEO, namely Angus Community Care Charitable Trust and Angus Environmental Trust;

(iii) note that in addition the Council owns substantial assets in the form of golf courses which are operated and managed on behalf of the Council and accordingly align to some aspects of the ALEO definition; and

(iv) agree that the organisations identified in (ii) and (iii) above along with any new ALEOs considered by the Council in the future, be reviewed utilising the tools/toolkit outlined in Appendices 1 and 2 of the Audit Scotland ALEOs report.

2. BACKGROUND

2.1 The Sub-Committee is remitted to consider reports published by the Accounts Commission/Audit Scotland which are of relevance to the Council.

2.2 In June 2011, Audit Scotland published ‘Arm’s – length external organisations (ALEOs): are you getting it right?’ The report, copy attached, is the second in a new series of ‘how councils work’ publications. The publications draw on existing audit work to identify common themes and aim to stimulate change and improve performance.

2.3 The report highlights that ALEOs include a range of bodies set up by councils to deliver services such as companies and charitable trusts. Currently, councils use ALEOs to deliver a wide range of activities such as leisure services, economic development and property maintenance.

2.4 In an Angus Council context we presently have in place two organisations that appear to fall within the definition of an ALEO and merit recording as Related Parties within the Council’s Annual Accounts. The organisations are Angus Community Care Charitable Trust and Angus Environmental Trust.

2.5 Both these organisations have been established for precise and specific purposes and have strong corporate governance and financial stewardship measures in place.
2.6 Notwithstanding the tools incorporated in Appendices 1 and 2 of the Audit Scotland report for checking good management arrangements of ALEOs and improving governance will be applied as review measures for both these organisations.

2.7 In addition, the Council own substantial assets in the form of golf courses (refer to Appendix A) which are largely governed by Minutes of Agreement and all apart from one have Council representation on their boards. Accordingly, whilst these organisations may be considered to not strictly fall within the category of an ALEO there are a number of similarities which could benefit from a review process being applied utilising Appendices 1 and 2 of the Audit Scotland report.

2.8 Further, any new ALEOs which may be brought forward for consideration by Angus Council in the future will be reviewed by reference to the tools/toolkit within the Audit Scotland report.

3. FINANCIAL IMPLICATIONS

There are no financial implications associated with the terms of this report.

4. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications associated with this report.

5. EQUALITIES IMPLICATIONS

The issues contained in this report fall within an approved category that has been confirmed as exempt from an equalities perspective.

6. CONSULTATION

The Chief Executive, Director of Infrastructure Services, Director of Neighbourhood Services, Head of Finance and Head of Law and Administration have been consulted in the terms of this report.

COLIN McMAHON
DIRECTOR OF CORPORATE SERVICES

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

CS/CMcM

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## GOLF COURSES – MANAGEMENT AND REPORTING FRAMEWORK

<table>
<thead>
<tr>
<th></th>
<th>ARBROATH</th>
<th>BRECHIN</th>
<th>CARNOSTIE</th>
<th>MONIFIETH</th>
<th>MONTROSE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Course Name(s)</strong></td>
<td>Elliot</td>
<td>18 hole golf course, but</td>
<td>- Championship</td>
<td>- Medal</td>
<td>- Medal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Council interest is in first</td>
<td>- Burnside</td>
<td>- Ashludie</td>
<td>- Broomfield</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9 holes only</td>
<td>- Buddon</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Account on Council’s Asset Register</strong></td>
<td>Arbroath Common Good Fund</td>
<td>Brechin Common Good Fund</td>
<td>Angus Council – Leisure Services</td>
<td>Not held on Council’s asset register. Angus Council is a Trustee of Monifieth Golf Links.</td>
<td>Montrose Common Good Fund</td>
</tr>
<tr>
<td><strong>Managed By</strong></td>
<td>Arbroath Golf Course Committee of Management</td>
<td>Brechin Golf and Squash Club (BGSC)</td>
<td>CGLMC Ltd (per R801/10)</td>
<td>Monifieth Golf Links Ltd (MGL)</td>
<td>Montrose Golf Links Ltd (MGL Ltd)</td>
</tr>
<tr>
<td><strong>Council Representation</strong></td>
<td>4 members, appointed by Council Committee members to be elected annually in January by the Council and the Golf Clubs respectively</td>
<td>No representation</td>
<td>3 directors, being: - Leader of Council or Convener of IS - Carnoustie member - Chief Executive or nominee</td>
<td>4 directors, being: - 2 members - Head of Economic Development - Head of Environmental Management</td>
<td>4 directors, being: - 2 members - Head of Economic Development - Head of Environmental Management</td>
</tr>
<tr>
<td><strong>Governed By</strong></td>
<td>Constitution (reference date on copy may be 14.02.01)</td>
<td>Minute of Agreement (registered 12.11.90)</td>
<td>Minute of Agreement (dated 25.04.88 and 16.05.88)</td>
<td>Minute of Agreement (dated 12.08.09 and 10.11.09)</td>
<td>Minute of Agreement (dated 01.04.04, 12.04.04 and 14.04.04)</td>
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</tbody>
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