



Bon Accord Support Services & Bon Accord Care

First Year Report 1st
August 2013 - 31st
July 2014

Sandra Ross

Bon Accord Support Services & Bon Accord Care

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Chairman's Comments

Welcome to the first Annual Report of Bon Accord Support Services Ltd and Bon Accord Care Ltd.

Both as a Board and Senior Management Team, we have been clear in establishing our vision for the direction of travel, in which Bon Accord Care, would undertake to care for and support, all who come under our remit for the provision of care. Much progress has been made in undertaking this journey, in this our first year. Yet, like all newly established organisations, there have also been the unexpected challenges. The work involved in meeting those challenges, has been found to be both insightful and rewarding.

We hope that you will enjoy reading this Report and that you will be suitably informed, as we highlight our performance this past year, undertaken within the context of Aberdeen City's contract. Focus is particularly made on our performance against financial, personnel, and quality targets.

An omission in the Report is acknowledgment to the enormous contribution that has been made by all members of Bon Accord Staff. I am very proud, not only to be involved with Bon Accord Care, but of what everyone has achieved. The Team has shown a huge commitment to the work to be undertaken, in embracing the new, and in resolving the challenges that have arisen.

I wish to specifically mention and pay tribute, to Sandra Ross and the other members of the Senior Management Team, for the highly competent and inspirational way they have led the organisation. They have shown exceptional leadership and dedication, to ensure that our service users can enjoy and benefit from the provision of the best services that can be achieved. I also wish to record my appreciation, for the contribution that our Non-Executive Directors have made, and the support that they have provided to myself and the SMT, through their enthusiasm and critical governance.

In commencing our second year of trading, we look forward to providing further benefits to the elderly and vulnerable, living within Aberdeen, and look to continue the delivery of our services with quality, value, pride, integrity, and innovation.

Graham Parker

Bon Accord Support Services & Bon Accord Care

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Executive Summary

Bon Accord Support Services and Bon Accord Care commenced trading on 1st August 2013; this document reports on the financial (8 months audited accounts) and contractual (12 months) performance.

Bon Accord Support Services and Bon Accord Care (BAC) are wholly owned by a single shareholder Aberdeen City Council (ACC). They operate on a fixed cost, volume based contract to deliver a range of Older People Services across Aberdeen City on behalf of Aberdeen City Council.

The organisation consists of over 800 staff with the majority of the workforce being a part time, female workforce with 68% above 45 years of age. 87% of our staff are frontline. These characteristics are recognised as reflective of high absence rates (**Appendix 2**) and the organisation went live with an absence rate of 6.6%, this has fallen to 6.3%. Our total staff costs account for 89% of our expenditure.

The services provided cover Care at Home, Residential Care Homes, Rehabilitation Services in various models, Housing Support, Occupational Therapy, Learning & Development, Community Equipment Store and Community Meals Service.

A trading deficit of (£383k) is reported in the year end accounts, the first year has proven to be the challenge that any new business faces; with the impact of savings targets, agency, absence rates and the assumption to meet additional planned overheads within the contract price.

BAC has taken a view in the first year to review the areas of inefficiency and focus has been on absence management to reduce agency and staff vacancies. These areas all show improvement and it is anticipated this trend will continue.

Services such as finance, human resources, payroll and facilities are all supplied and supported by ACC; as such a positive working relationship can develop to understand fully the context and basis of the business. We would envisage the business case for 2015/16 will explore opportunities for development of service, income generation and capacity building which will all impact positively for the shareholder while our first years are focusing on building solid frameworks.

Governance of BAC has been through our Board which meets 8 days per year and consists of 4 Non-Executive Directors, Finance Director, Managing Director and Chairman. Externally there has been no direct involvement with the ACC arm's length organisations (ALEO's) governance structure; a new process was agreed mid-year by ACC for all their ALEO's and we anticipate this will commence this financial year. Internal governance is managed through weekly and monthly reporting on specific key performance areas; these reports are shared with ACC officers to ensure compliance with contractual arrangements. Regular monthly meetings are held with key commissioners and business partners to monitor performance and discuss issues. In addition a Regulation & Compliance Officer monitors complaints, concerns, compliments and adherence to all regulatory body requirements such as Fire Service, Scottish Social Services Council, Care Inspectorate, Environmental Health and Protection of Vulnerable Groups scheme.

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Managing Directors Report Contractual Context

Following a two year project a business case was presented by council officers and approved by elected members two new limited companies were launched.

On 1st August 2013 Bon Accord Support Services (BASS) and Bon Accord Care (BAC) commenced trading as a wholly owned Local Authority Trading Company (LATC) of Aberdeen City Council (ACC), the Council owns 100% of the share capital of BASS and BAC. Through formal documented agreement the Council transferred to BASS the undertaking and certain assets and obligations associated with the delivery of adult social care services; BAC is the sub-contractor of BASS to deliver those services. This agreement states that BASS delivers services in accordance with service specifications agreed with ACC and receives payment in line with the Business case for the relevant period.

Costs

Alterations to the original costing set in the business case impacted on the perceived financial performance of the company. Had the original case been used the Company would have shown savings of 1% across the contract price and 1% against the aggregated company unit cost, *table 1*.

Table 1

Summary

| | Original | After variations |
|-----------------------|-------------|------------------|
| Business Case | £25,492,040 | £16,994,693 |
| Service Specification | £16,563,255 | £16,688,472 |
| Amended Specification | £16,454,489 | £16,444,627 |

Actual spend 1st August 2013- 31st March 2014

£16,828,500

Variation from actual to planned

| | Planned | Variation |
|-----------------------|-------------|-----------|
| Business Case | £16,994,693 | £166,193 |
| Service Specification | £16,688,472 | -£140,028 |
| Amended Specification | £16,444,627 | -£383,873 |

Average unit costs total inclusive all costs

| | |
|-----------------------|---------|
| Initial Business case | £471.59 |
| Amended Specification | £433.78 |
| Actual 2013/14 | £464.70 |

The impact of the alterations shows annual accounts with a trading deficit of circa £384k (Appendix 1).

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Workforce

1st August 2013 saw the transfer of 766 employees through TUPE to Bon Accord Care and Bon Accord Support Services.

The Staff Team comprises a variety of roles with some staff having dual roles within the team. 87% of the team are involved in direct customer delivery with 0.5% providing training and development support; the remaining 12.5% is made up of administrative and management support, *table 2 and 3*.

Table 2

| | 1st August 2013 | 31st July 2013 |
|--------------------|----------------------------|---------------------------|
| Head count | 766 | 830 |
| FTE | 624 | 655 |
| New starts | | 123 |
| Leavers | | 50 |
| Turnover | | 6% |
| Sickness | 6.60% | 6.3% |
| Female staff | 92% | 91% |
| Male staff | 8% | 9% |
| Full Time staff | | 29% |

Table 3

| Role at 31st July (some dual roles) | |
|--------------------------------------------|-----|
| Administration | 38 |
| Ancillary | 60 |
| Care Staff | 478 |
| Learning & Development | 5 |
| Management | 38 |
| Occupational Therapy staff | 69 |
| Relief Staff | 56 |
| Senior Care staff | 93 |
| Team Leaders | 35 |
| Total | 872 |

We have focused on reducing overall agency and absence rates as BAC Team targets for 2014 with our strategic documents, 'Staff Engagement' and 'Workforce Plan' being the methodology used to drive the change.

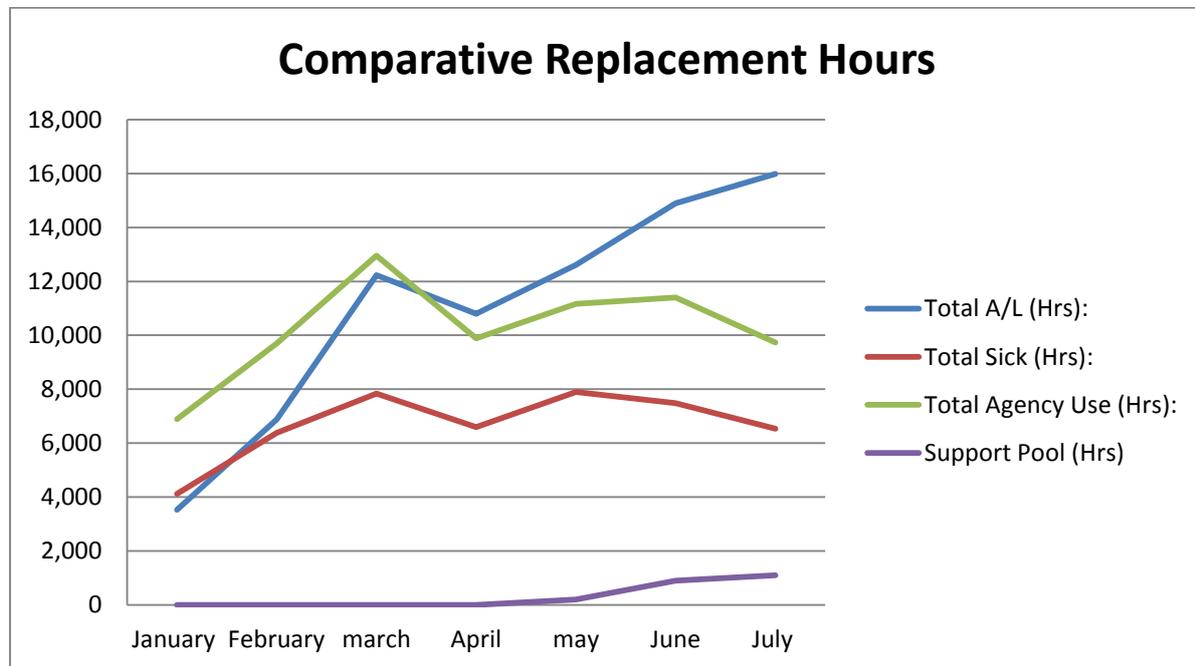
Absence rates have been a target area with the rationale for this being based on staff feedback, replacement costs of staff and quality issues. Information on sickness/absence rates is based on absence hours divided by contract hours to give a percentage. We have progressed with changes to the process which are starting to show positive results at both a team and organisational level. Initial trending showed a correlation between the sickness/absence rates and peak (school) holidays. Continued focus and awareness has reduced this trend across recent months; however we will monitor and action should the trend continue, *table 4*.

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Table 4



The introduction of the 'Support Pool' is beginning to show a positive impact on agency; this is a pool of staff who are employed on a flexible basis. This has allowed us the opportunity to engage with staff who would not normally be attracted to fixed hours/roster patterns. Some concerns were raised initially that we would attract staff from other providers and weaken the overall provision; this has not proved to be the case of the total 89 current support pool 78% work solely for BAC within the sector with 22% working for other providers.

Case Study - Relief Pool

Recruitment and retention within the care sector in Aberdeen City is known to be challenging. At inception Bon Accord Care (BAC) reported absence at 6.6% and planned leave 12% these areas were covered by overtime/additional hours 5% and agency cover at 12%. The impact on service delivery through quality and capacity was affected.

A more flexible workforce aimed at covering the planned leave was required; one which was able to deliver on the core values of BAC, maximise continuity both in staff and practice.

A 'relief pool' commenced; this is based on casual workers who wish to have more control over the volume and pattern of their shifts. Pool Staff state when they are available for work and the hours they are willing to work. This flexibility allowed us to consider staff from areas not traditionally recruited as the degree of flexibility could not match expected patterns.

We commenced the development of the Relief Pool on 24th March 2014 recruiting staff, setting up systems and identifying processes. Staff began to work on 18th May; the delay in starting being due to recruitment and training of staff. We were keen to ensure all BAC Relief staff were fully trained and equipped to deliver the same level of values based care as other BAC staff. To date we have progressed from 77 hours per week to over 400 with approximate savings of 5k within the first 15 weeks.

The impact on this within BAC is that agency is currently at 9.5% and the relief pool at 1.6%; overtime/additional hours make 4%. A 1% reduction in replacement hours is evidenced with the shift being from agency. A system is now in place for planned leave across BAC, vacancies have been filled and a reduction in absence rates to 6% has also impacted.

The target is for the trend in agency to reduce and relief pool hours to increase to allow the joint quality and capacity benefits this brings.

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Another key target is annual leave; to ensure that leave is taken in a planned way to meet the needs of the service and encourage team members to take regular breaks. This change to process was not well received initially and the trending chart shows the initial uptake was slow; however, feedback from team members is more positive and monitoring suggests that over 90% of annual leave is already planned for the year.

Agency staff have been traditionally used to replace gaps caused by annual leave, vacancies and absence and we have targeted the overall % of use. With the introduction of planned annual leave, the support pool, a focused approach to attendance management and a reduction in staff vacancies the overall % of agency replacement hours has reduced from 90% in January to 48% in July.

Performance Monitoring

Through formal documented agreement the Council transferred to BASS the undertaking and certain assets and obligations associated with the delivery of adult social care services; BAC is the sub-contractor of BASS to deliver those services. This agreement states that BASS delivers services in accordance with service specifications agreed with ACC and receives payment in line with the business case for the relevant period.

Each of these service specifications has Key Performance Indicators (KPI's) which provide the monitoring framework of what is essentially a volume based contract. Contract volumes reflect anticipated levels of service based on 2012/13 figures; the services are, in the majority, needs led and the volumes were anticipated to reflect capacity and not targets. *Table 5* highlights the % achieved against the volume required, while *table 6* shows a summary of the Key Performance Indicators for 2013/14. KPI's are reported on weekly and monthly; quantity, quality and outcome focused indicators support the delivery of the overall expected volumes.

Each of the service level agreements will be reported on to outline the performance across 2013/14 and anticipated performance across 2014/15.

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Table 5

| Service Level Agreement | Volume Achieved 2013/2104 |
|------------------------------------------|---------------------------|
| Balnagask/Fergus | 100% (85% uptake) |
| Rosewell | 100% (85% uptake) |
| Clashieknowe/Smithfield | 65% |
| Horizons | 110% |
| Day Care | 100% (72% uptake) |
| ICAH | 100% |
| Care at Home | 91% |
| Community Meals | 100% |
| Reablement | 100% |
| OT | 100% |
| Adaptations | 100% |
| <i>Community Equipment</i> | |
| Deliveries | 88% |
| Collections | 143% |
| Telecare | 112% |
| Recycled – able to be from total uplifts | 66% |
| Service of Last Resort | - |
| Learning & Development | 107% |

Table 6

| Question | Response December 2013 | Response January 2014 | Response February 2014 | Response March 2014 | Response April 2014 | Response May 2014 | Response June 2014 | Response July 2014 |
|---------------------------------------------------------------------|------------------------------|-----------------------------|------------------------------|---------------------------|------------------------|----------------------|-----------------------|-----------------------|
| How many Current Service Users do you have? | 4116 | 3471 | 5160 | 6756 | 6737 | 6790 | 6671 | 6802 |
| What is the total number of referrals within this period? | 330 | 324 | 890 | 954 | 835 | 765 | 844 | 878 |
| What is the total number of referrals <i>unable</i> to be taken on? | 77 | 153 | 336 | 209 | 198 | 49 | 182 | 181 |
| The number of referrals taken on? | 242 | 162 | 572 | 745 | 637 | 716 | 695 | 697 |

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Balnagask/Fergus House Residential Care Homes

The service specification is to provide residential care, respite and permanent care for people over 65. The contract occupancy volume is set at the maximum of 73 available beds jointly across the two services. Referrals are directly through ACC.

The services have had 100% available occupancy with an average uptake of 85% with quality indicators being achieved.

A 3% saving against contract price was achieved, although it should be noted low uptake of occupancy levels on the first 2 quarters impacted on this. It is anticipated that 2014/15 will see an increased level of expenditure due to increased delivery and staff costs.

Rosewell House

Rosewell House provides residential, rehabilitation and respite services for older people. It has a contract volume of maximum occupancy of 60 which is the available beds with referrals through ACC, NHS, GP and District Nurses. The residential places are nonrecurring and the target is to cease this service and focus on entirely on rehabilitation and respite provision in line with commissioners requirements.

The service has achieved 100% availability with an average 89% uptake. The respite service has proven to be the highest use with an average of 71 respite admissions per month; residential permanent has reduced from 9-7 places with rehabilitation admissions showing an average of 10 per month.

A deficit of 12% against service cost was reported; this is in line with 2012/13 ACC results as the service contract was based on historical budgets and reflective of service spend. There has been no increase in head count but the variances are accounted for through agency (previous budget removed) used to cover vacancies, absence and annual leave; also a deficit against 'enhanced rates' even with a vacancy rate suggesting an under budget. Progress will be expected through the review of staff rosters, reduced absence, robust annual leave management and filling vacancies.

Smithfield/Clashieknowe

This service specification was to provide residential rehabilitation to adults with assessed need arising from frailty, physical disability, sensory impairment or chronic health conditions. At inception the service was delivered from Smithfield Court which was under a planned closure to move the service to Clashieknowe following an extensive refurbishment by ACC Housing. This led to a reduced availability in Smithfield while the service planned closure and the build up after Clashieknowe opened.

The service is expected to achieve maximum occupancy. Referrals to the service are through ACC; YTD 65% occupancy has been achieved with 44 admissions since opening on 6th January 2014.

A 40% savings against service level cost was achieved based on low availability while Smithfield closure was underway; it is anticipated that a 100% achievement against volume targets will see the expenditure matching service costs in 2014/15.

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Horizons

The service specification is to manage the Integrated Rehabilitation Day Centre which provides a service to individuals under 65 with neurological trauma or a diagnosis of progressive neurological condition. The contract volume is 450 per annum and referrals are through NHS and ACC.

The service has achieved 110% against volume with a 23% saving against unit cost. It is anticipated that the service will continue to increase their volume effectively reducing overall unit costs.

Day Care

The service specification is to provide day care services within Craigton Road (7 day service) and Kingswood Court (5 day service) at a contract volume of 325 places per week. The services have had 100% available places with 72% uptake.

A 12% reduction in unit cost was achieved.

Integrated Care at Home

Service specification requires Integrated Care at Home for tenants in sheltered housing, to include housing support and a 24 hours responder service, according to the needs of the tenants and terms of the tenancy. In very sheltered housing and extra care housing, this is to include provision of a cooked meal daily, housing support and a 24 hour responder services, according to the needs of the tenants. Unscheduled Personal Care to tenants in sheltered and very sheltered housing according to need and Community Alarm Responder Service known as 'mobile wardens' are also part of the specification.

The contract has been achieved, however the unit cost has increased by 1.5%, this has been in response to the increased volume of Telecare and corresponding mobile warden services required and increasing needs of tenants. At present individuals with no family or significant other support who have a community alarm system (CAS calls) across Aberdeen City in all types of accommodation are supported during 8am-6pm by Telecare in addition if they have no formal care provider then by the mobile warden service. This is a service with increasing demand with no additional funding and is impacting on the unit cost within ICAH.

It would be anticipated that a review of how Housing Support is provided could release the necessary resource to support this current high demand and future potentially unmet need. There is a proposal with Housing under consideration which identifies how a consistent, ratio based approach to Housing support across the City would assist in eliminating service inequalities, address tenants understanding of what can be expected from housing support and release resource to assist with the increasing support required for Telecare assistance calls.

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Table 7

| | Total Tenants | Housing Support Hours | Average Housing Support per Tenant per Week |
|-------------|----------------------|------------------------------|----------------------------------------------------|
| ICAH | 2155 | 2799 | 1 hour 17 minutes |

Care at Home

The service specification is to provide personal care at home to older people and adults over the age of 16 with assessed need arising from frailty, physical disability, learning disability; sensory impairment, mental health difficulties or chronic health conditions who are living at home and community meals provision.

An increase of 4% costs against contract in the first year.

The care at home volume has been subject to much debate across the course of the year. An anticipated volume of 6000 hours per week was to be achieved by 31st March 2014, this was calculated by the expressed delivery at 31st July 2013 and FTE staff available for personal care delivery taking cognisance of annual leave/absence/training; travel time was not considered.

Currently within the sheltered complexes personal care is delivered at 94% efficiency; effectively for every 100 (inclusive of breaks) hours of staff time we provide 94 hours of direct personal care.

Within very sheltered complexes it is 59%, this is due to staff being on site for 24 hours; night staff are not delivering high levels of planned care but are available to provide the response should care be required. Therefore, hour care versus hour staffing efficiency ratio is reduced.

Personal care at home is at 39% this is due to the service delivery model of the responder service, night care and out of hours being provided. Staff working after 7pm within community work in pairs in line with the lone working policy; this means that as a maximum 50% efficiency can be achieved for Out of Hours. Taking cognisance of the night care service, again this is a not a fully 'planned service' but is required to be available, again a maximum of 50% efficiency due to pairing of staff. The additional impact on this service efficiency is traveling time and the increased dependency of service users.

Table 8 shows a summary of the daily and weekly hours planned time/visits and travel time required against contract volume. It also highlights the increased double visits and reflects the increased dependency of service users.

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Table 8

| | 2013/14 | YTD 2014/15 |
|-----------------------------------------|-------------|-------------|
| Total daily planned personal care hours | 783 | 789 |
| Total daily planned visits | 1913 | 2006 |
| Total daily travel time hours | 89 | 108 |
| Total double care planned time per day | 114 | 167 |
| Total double planned visits | 322 | 318 |
| Service Specification | 857 | 857 |
| Total average daily time | 872 | 897 |
| Total average weekly time | 6104 | 6279 |
| Positive service specification | 1.8% | 4.7% |

Community Meals

The Community Meals service is a managed service incorporating 1.5 FTE Staff to 'arrange the provision of meals according to assessed need', the contract is fixed cost at flexible volume and the initial contract period showed a unit cost of 0.22p a day to provide the service. Turnover is at 23.5% with above 500 current users on average a month.

We are also responsible for providing the meal service at Victoria Grange with a 5.4% saving on contract price.

Enablement

This is a service for adults over the age of 65 with assessed need arising from frailty, physical disability, sensory impairment or chronic health conditions. To enable them to maximise independence, remain at home and reduce reliance on health & social care services.

The volume for this service was to be reviewed across the initial 8 month period and agreed moving forward.

Enablement showed a 4% overspend on contract.

Enablement is an intensive OT led service which focuses on rehabilitation. Outcomes are focused on increased independence and reduced dependence on services. Across the first contract year we have seen a block in service users being able to access long term care which impacts then on the availability of Enablement. As such a service redesign is being proposed to maximise the benefits from this innovative and proven service which will facilitate a faster 'flow'.

Case Study – Partnership working with ACC Shareholders

ACC are the only shareholder within BAC; they are also the main commissioner and the strategic direction of local and national policy will influence the positive partnership working arrangements.

The Development of BAC as an ALEO has allowed ACC to have a flexible vehicle of service delivery which continues to focus on the strategic direction and statutory obligations of the local authority.

Clashieknowe was a sheltered complex which was no longer fit for purpose; the Smithfield project was a rehabilitation service which had ceased to be tenable in its original location. Housing and Social Care worked collaboratively to review the services to promote a delivery model which would best aid the service users and future provision. This project was well underway prior to the commencement of BAC. However, by continuing to work on the project as a collaborative team Clashieknowe is now a fully functioning service, well aligned with discharge planning and reducing delayed discharges. This example demonstrates the positive outcomes that can be achieved when there is a shared vision and willingness for partnership working.

Hillylands was a project partially funded by change fund monies which came over with the original BAC portfolio. The project was completed and Hillylands commenced service delivery in May 2014. Housing colleagues and the Occupational Therapy Services worked closely together to ensure the environment provided appropriate facilities for demonstration and teaching facilities. The independent living centre is now fully functional and experienced staff provide advice and support to the public on equipment and possible adaptations, irrespective of their level of need. In addition it provides a centralised base for OT services within the crisis and self-referral arenas and is used by the third sector and ACC wellbeing partners as an information site. The flexibility and focus of this service will aim to make positive impacts on maintaining and promoting independence for people across Aberdeen city; encouraging a proactive and self-directed approach to health.

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Occupational Therapy

This is a service to provide assessment and interventions to children, adults and older people with a functional need to improve the individual's ability to maintain activities of daily living.

The contract shows a saving of 4.6% against contract price.

The volume based contract was initially based at 9,750 referrals per annum; this figure was amended to reflect the current referral rate with a target increase to 6,000 per annum, see *table 9* for comparative figures.

Table 9

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-----------|---------|---------|---------|---------|
| Referrals | 5384 | 5377 | 5990 | 5950 |
| | | | | |

this data is for total OT referrals inclusive of all services.

The opening of Hillylands and the introduction of ADL Smart-care, an investment of the change fund, will start to impact on referral numbers particularly supporting low to medium need referrals; ultimately positively impacting on the high need referrals as staff time is released to meet the growing demand of complex, multifactorial referrals.

Community Equipment

The scope for this service specification is to provide and install community equipment to aid daily living, Telecare devices and deliver to all service user groups where there is a functional need.

The contracts volumes have been exceeded due to demand on the service which is reflected in the 14% overspend in cost.

Table 10

| | 1 st August 2013 to 31 st March 2014 | Contract volume |
|-------------------------------------------------------|------------------------------------------------------------------|-----------------|
| Deliveries Completed | 4690 | 5333 |
| Collections Completed | 2383 | 1664 |
| NEW Telecare and Community Alarm Installations | 670 | 600 |
| recycled OT Store, including CAS & Telecare | 5762 items uplifted and 3531 able to be reissued. | 5333 |

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Learning & Development

The scope is to provide a Learning & Development service to ACC and BAC staff to ensure a trained workforce able to meet the needs of the service delivered by BAC on behalf of ACC and the requirements of relevant registration bodies.

The volume for delivery to BAC staff is not stipulated within the specification but is for ACC; 107% of this has been achieved with an 11% saving. It is anticipated that given the deficiency of training provision to BAC staff across essential areas within the past there is a focus on increased availability and uptake. This drive is showing significant impact and funding at the current level will see an impact on the quality and quantity of training provided.

Table 11

| BAC Staff Courses | August 2013-July 2014 |
|---------------------------------------------------------|-----------------------|
| BAC Induction (Includes follow up days and Relief Pool) | 173 |
| Introduction to H&S | 43 |
| Basic Fire Awareness/Fire Extinguisher | 71 |
| First Aid | 36 |
| Food Hygiene | 72 |
| Adult Protection | 36 |
| Child Protection (GIRFEC) | 35 |
| Data Protection | 21 |
| Medication Management | 22 |
| People Handling | 210 |
| Proact SCIPr | 40 |
| CM2000 | 8 |
| TOTAL | 767 |

Table 12

| SLA | Achieved | Percentage Achieved |
|---------------|---------------|---------------------|
| 120 days | 123.5 days | 103% |
| 720 hours | 840 hours | 116.6% |
| 27 SVQ Awards | 29 SVQ Awards | 107% |

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Workforce Developments

To assist with the direction set out in the workforce action plan several initiatives have been led from within the Learning & Development Team.

Prince's Trust

This is a charity organisation which supports young people; working in partnership we are set to launch a 'Get into Social Care' programme in November 2014 which will see young people interviewed and a successful group of 12 will advance through a planned introduction programme. At the end of the programme they will be guaranteed an interview for available positions within Bon Accord Care. The success of the inaugural programme will dictate future plans.

Modern Apprenticeships

We aim to register in March 2015 (next available opportunity) to become a provider of modern apprenticeships. The aim of this is to introduce young people to Social Care as a career and start them on a positive journey with the opportunity to gain a qualification while working through the Modern Apprenticeship programme.

Staff Feedback

We have undertaken an organisational wide staff engagement survey (31% response rate) which has allowed us to focus on specific areas which staff feel could impact positively across the organisation; communication, visible leadership at all levels within the organisation and feeling valued were the 3 main areas for focus. We will repeat this survey in November to determine the success of the actions taken in response to feedback.

Regulation & Compliance

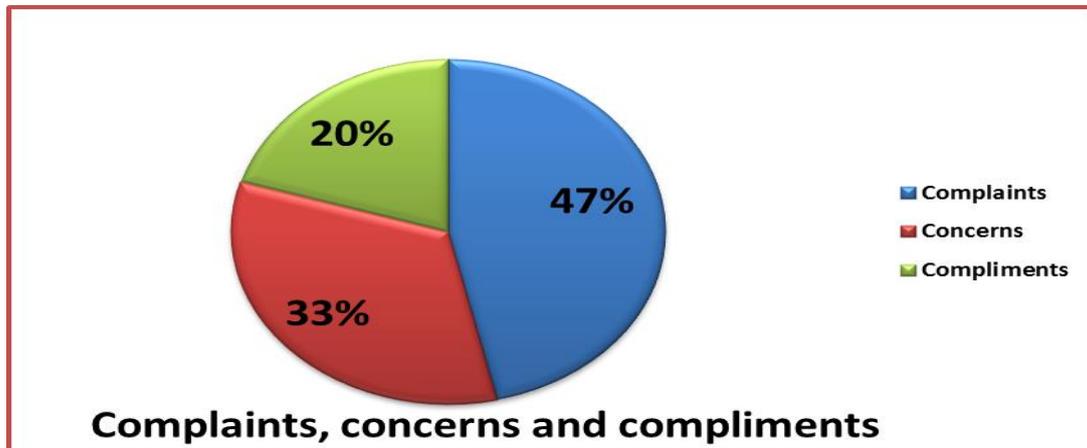
We have updated our complaints policy and process to ensure that we engage with stakeholders in a meaningful way and promote positive outcomes for individuals who use our services; we are working with staff to embrace complaints as an opportunity to improve.

This ethos has seen a more positive reaction and improved reporting of complaints/concerns and compliments with 33 complaints, 27 concerns and 15 compliments in the period January to June 2014. The issues are raised by a variety of sources.

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We monitor regulatory inspections from Fire Service, Environmental Health and the Care Inspectorate. To date all inspections have had action plans completed within appropriate timescales.

We view Regulation & Compliance as a key driver within our internal governance process which maintains a focus on the quality and safety of BAC to provide reassurance to stakeholders, shareholders and team members.

Health & Safety/Risk Management

We have reviewed the system of Health & Safety within BAC and commenced with a structure to promote a positive H&S culture throughout the organisation. We have a Health & Safety champion (Finance Director) on the Board of Directors who also updates at every Board from the Chair of our Risk Management Committee.

Accident and incident process and recording have been reviewed and a system implemented to engage with all levels of the organisation while promoting positive reporting, analysis and actions.

Developments with staff training in easier to access and deliver formats are proving effective and having an impact on the team understanding of roles and responsibilities.

Case Study – Positive Feedback

As an organisation we have worked hard across our first year to promote complaints, concerns and compliments as positive tools for improvement.

Through a review of the system, staff training and a focus on sharing feedback we believe positive progress has been made.

Concerns and complaints are a regular feature of Social Care services and these are to be encouraged; a service receiving complaints, concerns and compliments is a service with which its stakeholders are engaged, vocal and have a clear access and understanding of how to make their views known within and to the organisation.

Earlier this year we posted out complaints & compliments flyers to all the sheltered and Very Sheltered complexes in response to various concerns raised regarding the CM2000 system. We shared and provided information and reassurance on the concerns. We had anticipated questions and further concerns; however, we received numerous compliments regarding the staff and service they received.

We positively affirm compliments and applaud staff on their hard work and commitment when we receive compliments. The BAC Team are delivering service, quality and value with innovation, integrity and pride

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Finance Directors Report

The start-up phase in any business is never easy; the financial results for our first 8 months reflect this. Bon Accord Care as a whole reports a trading deficit of £383.9K on a total turnover of £16,444.6K. Once we reflect the pension deficit associated with our staff who are members of the North East of Scotland Pension Fund, a final salary arrangement, our reported deficit increases by £8,273K to £8,620.9K.

To support this financial position the Board has requested and has received a written assurance from Aberdeen City Council of their continuing financial support. Given this assurance our auditors Johnston Carmichael are satisfied of the company's immediate financial stability and of their ability to continue to operate on a going concern basis.

The company's overall first 8 months performance against its contract is summarised below:

| | Contract | Actual | Variance |
|---------------------------------------|-----------------|-----------------|-----------------|
| | £000s | £000s | £000s |
| Rosewell House | 2,029.0 | 2,204.3 | (175.3) |
| Balnagask & Fergus House | 1,518.0 | 1,413.5 | 104.5 |
| Smithfield Court | 588.2 | 350.4 | 237.8 |
| Horizons | 193.5 | 140.5 | 53.0 |
| Day Care | 395.7 | 337.7 | 58.0 |
| Integrated Care at Home | 2,205.3 | 2,223.7 | (18.4) |
| Care at Home | 5,804.4 | 5,981.3 | (176.9) |
| OT Services | 2,424.8 | 2,518.0 | (93.2) |
| Learning & Development | 319.1 | 277.0 | 42.1 |
| Head Office & Board Costs | 330.6 | 504.7 | (174.1) |
| Property under Licence | 580.5 | 580.5 | 0.0 |
| Support Services | 195.5 | 195.5 | 0.0 |
| PBB Savings Target | (140.0) | 0.0 | (140.0) |
| Depreciation | 0.0 | 101.4 | (101.4) |
| Trading Result | 16,444.6 | 16,828.5 | (383.9) |
| Pension provision | 0.0 | 8,237.0 | |
| Reported In Statutory Accounts | | 25,065.5 | |

Bon Accord Support Services & Bon Accord Care

First Year Report 1st August 2013 - 31st July 2014

Sandra Ross

There are several large variances to contract reported. Being a new company the activity undertaken has not been in the same way as the contract had assumed as the contract basis was set prior to the company launch. This is to be expected. New management will make changes in service delivery. Future years contractual arrangements will more closely mirror actual activity as there is more opportunity to work together with our customer, Aberdeen City Council.

The assumptions underpinning the contractual basis of our first 8 months of operation have contributed significantly to the trading position shown in that it assumed the non-funding of new corporate costs (i.e. finance), some building costs and depreciation of transferred in assets on the basis that such costs would be absorbed through new efficiencies and savings being made. In addition a "priority based budgeting" savings target was assumed bringing the contract value below that previously budgeted. No doubt, in time, savings, efficiencies and new business will be found and developed but not to such a significant level in the first 8 months of operation. This accounts for the deficits shown under head office, depreciation and priority based budgeting savings. The biggest impact within the contract is a vacancy factor in many operational areas, this assumes that 6.5% of payroll costs will be saved from staff turnover. In practice, this is not realistic in some areas where this was applied i.e. homecare and OT where services are demand driven and so any vacancy must be replaced by agency staff or overtime to meet client needs. In some areas the contract does not reflect the service being delivered, in that service pricing has not altered over time although the service provision has, i.e. the Rosewell service where activity has moved from a mixed service to a predominately more labour intensive respite care service.

Contract drafting aside the company recognises that it must play our part in developing efficiencies in services to maximise the levels of care that can be provided to the population of Aberdeen City. To that end several initiatives have been undertaken or are in process to reduce the cost base and drive down unit costs. Sickness absence is being reduced through careful application of the maximising attendance policy, annual leave is being managed more in line with the needs of the organisation, staff rotas have been examined to minimise unproductive time, a casual labour pool has been introduced giving managers access to a flexible and cost effective staff resource. All these measures improve productivity and reduce reliance on expensive agency staff so driving down unit costs and improving the overall quality of services.

Given the issues outlined above regarding the contract we have with our business partners, Aberdeen City Council recently began a process of re-examination of the contractual basis of our relationship. There is a need to ensure that the contract governing our operation is more commercially based and so reflective of the service we can provide for the price our customer offers. We anticipate that this process will be concluded by the end of this year.

The Board believes that much has been achieved in the short 8 months of our trading existence, this drive for change will continue as we aim to push down unit cost, push up activity and keep service standards to the highest possible level. In the coming months the company will begin to develop new commercial business outside our main contract which will further improve the levels of service we can offer to the people of Aberdeen.

Bon Accord Support Services & Bon Accord Care

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APPENDIX 1

Table Showing Service Specification & Adjustment comparator
2013/14

| service | price | adj price | initial unit cost | adj unit cost | Year 1 Business Case | Actual costs | Actual unit costs | variance to initial costs |
|-------------------------|--------------|--------------|-------------------|---------------|----------------------|--------------|-------------------|---------------------------|
| balnagask & Fergus | 1,460,305 | 1,460,305 | 82.32 | 82.32 | | 1,413,500 | 79.68 | 3% |
| Rosewell | 1,949,970 | 1,949,970 | 133.74 | 133.74 | | 2,204,300 | 151.19 | -13% |
| Smithfield | 586,182 | 586,182 | 89.34 | 89.34 | | 350,400 | 53.41 | 40% |
| horizons | 183,270 | 183,270 | 407.27 | 407.27 | | 140,500 | 312.22 | 23% |
| Day Care | 383,136 | 383,136 | 34.28 | 34.28 | | 337,700 | 30.21 | 12% |
| ICAH | 2,190,489 | 2,190,489 | 4.13 | 4.13 | | 2,223,700 | 4.19 | -2% |
| Care at Home | 5,534,048 | 5,761,448 | 23.65 | 27.67 | | 5,981,300 | 28.72 | -21% |
| Reablement | 580,222 | 580,222 | 2387.74 | 2387.74 | | 598,500 | 2462.96 | -3% |
| OT | 1,070,993 | 1,070,993 | 109.85 | 109.85 | | 1,022,000 | 104.82 | 5% |
| equipment store | 752,137 | 773,555 | 38.78 | 39.88 | | 884,400 | 45.60 | -18% |
| L&D | 311,228 | 311,228 | 1280.77 | 1280.77 | | 277,000 | 1139.92 | 11% |
| Residential relief | 103,333 | 103,333 | 106.31 | 106.31 | | - | 0 | 100% |
| Management & Admin | 222,804 | 222,804 | 916.89 | 916.89 | | 383,200 | 1576.95 | -72% |
| property under lic. | 895,750 | 580,500 | 656.23 | 477.78 | | 580,500 | 477.78 | 27% |
| ASH | 101,455 | 73,254 | 417.51 | 301.46 | | 89,700 | 369.14 | 12% |
| Board remun. | 42,400 | 28,267 | 1060.00 | 706.68 | | 31,800 | 795 | 25% |
| support services | 195,533 | 195,533 | 268.22 | 268.22 | | 195,500 | 268.18 | 0% |
| Total/Average Unit Cost | £ 16,563,255 | £ 16,454,489 | 471.59 | 433.78 | £ 25,492,040 | 16,714,000 | 464.70 | |

APPENDIX 2



25 February 2014

Full Report: Sickness Absence in the Labour Market, February 2014

Coverage: UK
Date: 25 February 2014
Geographical Area: Region
Theme: Labour Market

Key points

The key points are:

- 131 million days were lost due to sickness absences in the UK in 2013, down from 178 million days in 1993.
- Minor illnesses were the most common reason given for sickness absence but more days were lost to back, neck and muscle pain than any other cause.
- Sickness absence rates have fallen for both men and women since 1993 with men consistently having a lower sickness absence rate than women.
- Sickness absence increases with age but falls after eligibility for the state pension.
- Sickness absence has fallen for all age groups since 1993, but has fallen least for those aged 65 and over.
- Lower sickness absence rates in the private sector but the gap with the public sector has narrowed over past 20 years.
- Of the larger public sector organisations sickness rates are highest for those working in the health sector.
- Self-employed less likely than employees to have a spell of sickness.
- Largest workforces report highest sickness levels.
- Sickness absence lowest for Managers, directors and senior officials.
- Sickness absence lowest in London.

Sickness Absence in the Labour Market

(These figures include all people aged 16 and over in employment and are for the whole of the UK. Annual averages for each of the years have been calculated).

131 million days were lost due to sickness absences in the UK in 2013, down from 178 million days in 1993.