

**ALEO GOVERNANCE HUB
BON ACCORD CARE LTD**

ABERDEEN, 8 December 2015. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Neil Buck (IT and Transformation), Jeff Capstick (Human Resources and Customer Service), Paul Dixon (Finance), Martin Kasprovicz (Health and Social Care Partnership) and Colin Leaver (Human Resources and Customer Service); and Alistair MacLean (Finance Manager) and Sandra Ross (Managing Director) (Bon Accord Care Ltd (BAC)).

Also in attendance: Iain Robertson (Democratic Services), Jess Anderson (Legal Services) and Mark Johnstone (Audit Scotland).

Apologies: Mary Agnew (Human Resources and Customer Service), Tom Cowan (Health and Social Care Partnership) and Joan McCluskey (Commercial and Procurement Services).

No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
1.	Chair's Opening Remarks	N/A	<p>The Chair opened the meeting and advised that the Scottish Parliament's Local Government and Regeneration Committee had taken evidence from a cross section of ALEOs and their parent Local Authorities, including Bon Accord Care and ACC on 18 November 2015 and 2 December 2015. He explained that the Committee would publish a report with possible guidance on governance arrangements between Local Authorities and their ALEOs.</p> <p>The Chair further advised that the Council was considering holding quarterly Hub meetings based on an Audit Scotland recommendation and that the next cycle of meetings had been scheduled for the week beginning 9 May 2016.</p>	to note the information provided.	N/A

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2.	Minute of previous meeting – 15 June 2015	ALEO Governance Hub minute – 15 June 2015.	<p>(i) With reference to item 6 (ii) (Financial Procedures) Alistair MacLean (Finance Director, BAC) advised that bespoke financial procedures were being developed and that these procedures would be finalised during 2016;</p> <p>(ii) With reference to item 7 (Board Composition) Sandra Ross (Managing Director, BAC) reiterated that BAC had no Councillors on its Board and that she was both comfortable with these arrangements and confident that the Board had the requisite skills and knowledge of the health and social care and commercial sectors to be able to effectively scrutinise performance and hold directors and managers to account; and</p> <p>(iii) With reference to item 15 (Service Lead) the Chair clarified for Ms Ross that Tom Cowan (Head of Joint Operations, Health and Social Care Partnership) was the Council's primary service lead to BAC.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to approve the minute as a correct record; and</p> <p>(ii) to note the information provided.</p>	I Robertson
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3.	Improvement Plan (Risk Management Strategy)	Risk Register as at October 2015.	Neil Buck (IT and Transformation) asked if BAC had begun the development of a broader Risk Management Policy and Sandra Ross advised that it was her	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Risk Register;</p> <p>(ii) to request that BAC's</p>	N Buck

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			recollection that this policy had previously been submitted to the Hub in June 2015 and that she would forward on the policy for members' assurance.	Risk Management Policy be cascaded to Hub members; and (iii) to note the information provided.	
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4.	Improvement Plan (Internal Auditing Arrangements)	a) Audit Guidance/Schedule for All Services; and b) Audit Scores 2015-16.	The Chair advised that this item was on the agenda under item 3.	The Hub resolved:- to note the reports.	N Buck
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
5.	Improvement Plan (Core Funding Risk Indicator)	Risk Register as at October 2015.	The Chair advised that this item was on the agenda under item 4.	The Hub resolved:- to note the Risk Register.	N Buck
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6.	Improvement Plan (Procurement Arrangements)	Procurement Policy as at October 2015.	The Chair welcomed BAC's revised Procurement Policy which had been approved by its Board in November 2015 and he advised that he had met with the Hub's commercial and procurement representative, Joan McCluskey (Commercial and Procurement Services) who had sent her apologies for today's meeting. The Chair advised that the policy would require additional alterations in order to incorporate the obligations set out in the Procurement Reform (Scotland) Act 2014 such as regulated procurements and fair working practices. He further explained that suppliers who were active on ACC's PECOS system were not considered to be	The Hub resolved:- (i) to note the Procurement Policy; (ii) to request that a meeting be scheduled between BAC and the Council's Commercial and Procurement Services team to provide assurance that BAC will be compliant with the statutory requirements of the Procurement Reform (Scotland) Act 2014	J McCluskey

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			<p>“<i>approved suppliers</i>” under the legislation.</p> <p>The Chair also advised that statutory guidance came into effect on 1 November 2015 and suggested that BAC contact the Council’s Commercial and Procurement Services team who would advise and assist them on compliance before the Act came into effect in April 2016.</p> <p>Alistair MacLean welcomed Ms McCluskey’s input on the Procurement Policy during drafting and advised that he would arrange to follow up after this meeting to discuss any outstanding procurement issues in order to ensure compliance with the legislation.</p>	<p>(iii) before the Act came into effect in April 2016; and to note the information provided.</p>	
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
7.	Audit Controls	<p>a) Audit Guidance/Schedule for All Services;</p> <p>b) Audit Scores 2015-16; and</p> <p>c) Health and Safety Audit Results and Dates 2015.</p>	<p>Paul Dixon (Finance) referred to the attached Audit Guidance/Schedule for All Services document and noted that BAC managers conducted their own internal audits every four months on a rolling basis and asked if these managers were sufficiently independent.</p> <p>Sandra Ross felt that these arrangements were both robust and rigorous as managers determined performance based on parameters set out by external auditors and scoring tended to be conservative as BAC were subject to biannual, unannounced inspections from the Care</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports;</p> <p>(ii) to request an update on the development of more impartial internal auditing arrangements;</p> <p>(iii) to request an update on the development of BAC’s revised Health and Safety Strategy, Policy and Action plan in order to provide assurance on the level of liability to</p>	N Buck

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			<p>Inspectorate. Further to this, Ms Ross added that managers were responsible for developing their service specific action plans which would address areas of risk that required management or mitigation ahead of the next internal audit.</p> <p>Neil Buck highlighted that managers conducting their own internal audits carried a risk and advised that he would expect to see a level of impartiality going forward. Further to this, he asked how frequently the inspections were reviewed.</p> <p>Sandra Ross advised that internal audit performance was cross checked against their KPIs and subject to peer review and added that inspections and reviews were frequent and conducted on an ongoing basis in order to shape and provide scope to the risk register. She highlighted that incidents of misconduct, complaints and accidents were reported externally to the Care Inspectorate and advised that plans were being developed to increase the level of impartiality to provide greater assurance to stakeholders and external auditors.</p> <p>Colin Leaver (Human Resources and Customer Service) made reference to the health and safety performance of BAC's facilities and care homes and asked why no facility scored above 75%.</p>	<p>the Council at the next Hub meeting in May 2016;</p> <p>(iv) to request that BAC's next audit results be made available to Hub members ahead of the next Hub meeting in May 2016; and</p> <p>(v) to note the information provided.</p>	
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			<p>Alistair MacLean replied that at this stage, the result had not been unexpected. He advised that performance had been set out against the Health and Safety Executive guidance on care homes and scored against an audit structure with approximately 160 individual targets across 14 audit areas, and he added that this process had proven to be administratively onerous and in some cases had skewed performance. Mr MacLean explained that a new Health and Safety Policy, Health and Safety Strategy and Health and Safety Action Plan had been approved by the Board and would direct and map the path towards their health and safety targets for 2016. He added that these plans would target immediate improvement in OT facilities and Archibald Simpson House and would address knowledge gaps which existed amongst staff. Mr MacLean advised that a further audit was scheduled for the early spring of 2016 and the results of the audit would be available for the next Hub meeting in May 2016.</p> <p>Mr Leaver also highlighted BAC's health and safety liability to the Council and advised that it would provide greater assurance if BAC could submit their Health and Safety Action Plan to the Council, in order to ensure that the level of ongoing liability to the Council was being</p>		
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No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Business Planning	<p>a) Risk Register as at October 2015;</p> <p>b) Business Plan 2015-18;</p> <p>c) Business Continuity Procedure as at October 2015; and</p> <p>d) Business Continuity Workbook as at October 2015.</p>	<p>appropriately monitored and assessed.</p> <p>Neil Buck referred to the attached risk register and asked how regularly the register was reviewed. Sandra Ross advised that the register was a standing item on every agenda for Board meetings and that the Board were presented with a full analysis of areas that required mitigation or management and she highlighted that IT issues and governance arrangements had recently been addressed.</p> <p>Paul Dixon asked the BAC representatives to talk through the assumptions in their Business Plan and if they had accounted for ongoing austerity measures and a possible reduction in core funding. Ms Ross replied that assumptions were based on contractual obligations set out in the Service Level Agreement (SLA) and that they only received funding for services they were contractually required to deliver. Alistair MacLean added that in the absence of any guidance from ACC regarding future financial constraints and importantly future activity levels, the Business Plan had been produced on the assumption of the status quo as no other option was appropriate, and advised that he had been unwilling to base the Business Plan on unformed guesses. Mr</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the reports;</p> <p>(ii) to request an update on TUPE transfer, equal pay and other issues pertinent to the transfer of staff to the City Home Help trading company at the next Hub meeting;</p> <p>(iii) to request that the BAC Board consider the inclusion of pension deficits and pension contributions as items of risk for their risk register;</p> <p>(iv) to request that a populated business continuity plan be made available to members ahead of the next Hub meeting; and</p> <p>(v) to note the information provided.</p>	P Dixon/N Buck

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			<p>MacLean explained that they would deliver £1million in efficiency savings and had been exploring new commercial business opportunities. Mr MacLean advised that all services had been costed and he projected that BAC would record a £52,000 net profit for the 2015-16 financial year.</p> <p>The Chair informed the Hub that the Scottish Parliament’s Local Government and Regeneration Committee had raised the issue of ALEOs sourcing new funding streams and generating additional income and asked what progress BAC had made in this area. Ms Ross reiterated that BAC were constrained by the SLA and could only deliver services that had been contractually funded. She added that this made business expansion challenging as new areas of business out with the SLA had to be approved by ACC. She highlighted that they were currently planning a City Home Help scheme which would provide a domestic and a social care service but under the current arrangements this service would struggle to be competitive in the market place as staff costs for the core business were around £18 per hour, and he recognised that a review of the SLA would be required in this regard. Alistair MacLean added that BAC had explored the formation of trading companies to offset costs from the core</p>		
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			<p>business, and as an example of success achieved to date he cited BAC's internal staff pool which had replaced about half of the company's requirement for agency staffing and had generated savings of approximately £100,000 in the financial year to November 2015. Mr MacLean also advised that BAC had begun to supply staff to the Council's Homelessness service, and he highlighted that this was an example of the Council and BAC benefitting from this new initiative.</p> <p>Paul Dixon enquired about BAC's business costs and asked BAC representatives to account for the underlying incremental salary increases. Alistair MacLean advised that incremental increases in staff pay was a reality of the business model as in recent years new starts had outnumbered leavers but noted that incremental pay increases budgeted for had fallen from £280,000 in 2015-16 to £190,000 in 2016-17. Mr MacLean explained that 80% of BAC costs were related to staff pay and if they were subject to further budget cuts, efficiencies in staff headcount would have to be considered and he asserted that this would have a detrimental impact on service delivery. He also confirmed that BAC had negligible financial reserves. Ms Ross added that the number of full time staff had been reduced during the</p>		
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			<p>previous year and as a result staff were more efficient and flexible; and had developed a wider range of skills that were needed across the social care and commercial sectors.</p> <p>Jeff Capstick (Human Resources and Customer Service) referred to the City Home Help trading company and asked about the issues and risks BAC had identified and quantified with regards to TUPE transfers, equal pay, and associated employer's status. Sandra Ross informed the Hub that these issues were being reviewed and they had consulted trade unions and taken legal advice on the matter.</p> <p>The Chair advised that the Scottish Parliament's Local Government and Regeneration Committee had enquired about ALEO pension deficits and their parent Council's exposure to risk and he asked the BAC representatives if this was a concern for the Board. Sandra Ross replied that every ALEO had a pension deficit and was not of immediate concern to the Board as they would not be expected to appropriate these funds simultaneously. She did highlight that the Board was concerned with the 2.1% increase in the level of pension contributions and Alistair MacLean explained that this increase followed the</p>		
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			<p>recent pension review and was put in place to recover the assessed calculated pension deficit over 19 years. Mr MacLean advised that in recent years Government Gilt Yields had fallen which had an impact on the calculation of the pension fund liabilities and as a result BAC's net liability was assessed to be £8million. He added that this liability was a snap shot assessment of the financial position of the fund at Year End and the valuation was reviewed annually with tri-annual valuations made by the pension administrators to set the pension contribution rates for the next three years. To this point, Neil Buck asked if the deficit and increase in contributions had been reflected in their risk register; and Ms Ross advised that it had not, as contractual arrangements had specified that this area was the responsibility of ACC and they could not influence the matter, though they had taken legal advice.</p> <p>Neil Buck then referred to the attached Business Continuity Workbook template and asked if there was a timeline in place to populate the workbook. Sandra Ross advised that each service had an existing Business Continuity Plan in place and they were reviewed annually and offered to provide an example of a populated plan ahead of the next Hub meeting in May 2016.</p>		
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9.	Performance Management Framework	KPI Framework 2015-18.	<p>Neil Buck referred to the attached KPI Framework 2015-18 and asked about the challenges associated with performance reporting. Sandra Ross explained that KPI and performance reporting had proven to be administratively onerous and in some areas reporting arrangements were outdated or no longer relevant. To this point Martin Kasprowicz (Health and Social Care Partnership (HSCP)) recommended that a Service Performance Working Group be established that would include senior representatives from BAC and HSCP with a remit to review performance reporting, provide deeper context and analysis and make recommendations on how reporting can be streamlined and improved. This group would also offer assurance that reporting provided clarity to both BAC and ACC on BAC's performance and position.</p> <p>Ms Ross welcomed this joint approach to performance management as a mechanism for strengthening performance reporting and increasing managers' accountability to the Board. Mr Kasprowicz advised that discussions on the group's formation would begin before the Christmas break and he aimed to have the group established ahead of the next Hub meeting in May 2016. He also highlighted</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the report;</p> <p>(ii) to request an update on the formation and operation of the Service Performance Working Group ahead of the next Hub meeting in May 2016; and</p> <p>(iii) to note the information provided.</p>	N Buck

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			that the formation of the working group would also add an extra layer of scrutiny to provide an increased level of assurance to the Council.		
10.	Service Performance	<ul style="list-style-type: none"> a) Referrals Report – July 2015; b) Service User Satisfaction Report 2014-15; c) ADL Smartcare Weekly Report - August – September 2015; d) Enablement Weekly Report – August – September 2015; e) Care Inspectorate Report – 30 September 2015; f) OT Report – September 2015; g) OT Equipment Store Monthly Data - May – September 2015; h) Learning and Development Monthly Report – 2015; i) Interim Bed Places Weekly Reports – October 2015; j) Weekly Occupancy Reports – 2015; k) Personal Care Hours Weekly Report – October 2015; and l) Current Service Users Weekly Report – October 2015. 	<p>Martin Kasprovicz referred to the attached Referrals Report and asked the BAC representatives to talk through their use of beds and occupancy rates. Sandra Ross advised that a 100% occupancy rate target had been set out in the SLA but that performance was dependant on referral rates and this target left no scope for external income generation.</p> <p>Mr Kasprovicz also asked about progress with regards to the embedding of the enablement programme and Ms Ross explained that the second tranche of staff training was ongoing which would focus on sheltered and unplanned care. She highlighted that the aim of the training was to broaden knowledge and allow staff to proactively identify care needs in order to increase opportunities for independent living. She added that a Senior Occupational Therapist had been developing the programme and case studies were being arranged.</p> <p>The Chair explained that the Scottish Parliament's Local Government and Regeneration Committee had also made</p>		M Kasprovicz

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			enquiries into ALEOs delivering value for money for service users and their parent councils and he asked if BAC felt they provided such value. Sandra Ross reiterated that they were restricted by contractual obligations and funding arrangements and it was hazardous to make like for like comparisons with other social care providers. She also highlighted that the volume of services delivered by BAC in the past year had exceeded contractual requirements and cited that they had delivered 6300 hours of care relative to the 6000 hours that they were contracted to deliver, which was a 5% increase in the required level. She added that BAC also provided training programmes for the Council on legal highs and protecting children and vulnerable adults.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
11.	The Chair's Closing Remarks	N/A	The Chair thanked the representatives from Bon Accord Care for their attendance and contributions and the Clerk advised that the minutes from today's meeting would be submitted to the Council's Audit, Risk and Scrutiny Committee on 25 February 2016 and thereafter to the Education and Children's Services Committee on 24 March 2016. The Chair then brought the meeting to a close.	to note the information provided.	N/A

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If you require further information about this minute, please contact Iain Robertson tel. 01224 522869 or email iairobertson@aberdeencity.gov.uk