

**ALEO GOVERNANCE HUB
BON ACCORD CARE LTD**

ABERDEEN, 9 May 2016. Minute of Meeting of the ALEO GOVERNANCE HUB. Present:- Roderick MacBeath (Democratic Services), Chairperson; and Mary Agnew (Human Resources and Customer Service), Neil Buck (IT and Transformation), Jeff Capstick (Human Resources and Customer Service), Paul Dixon (Finance), Martin Kasprowicz (Aberdeen City Health and Social Care Partnership (ACH&SCP)) and Joan McCluskey (Commercial and Procurement Services); and Alistair MacLean, Finance Director and Sandra Ross, Managing Director (Bon Accord Care Ltd (BAC)).

Also in attendance: Iain Robertson (Clerk), Steven Inglis (Legal Services) and Mark Johnstone (Audit Scotland).

Apologies: Tom Cowan (Aberdeen City Health and Social Care Partnership).

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 explained that meetings of the Governance Hub would now be held on a quarterly basis and the Clerk advised that the Council was currently undertaking a review of its governance documents, procedures and arrangements and as part of this review all stakeholders in the ALEO governance process would be invited to take part in a 360 survey to provide their feedback on the current arrangements for ALEO governance and how these could be strengthened to provide greater assurance to the Council and enhance future engagement with ALEOs.</p> <p>Sandra Ross (Managing Director, BAC) informed the Hub that an Aberdeen ALEO</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the information provided; and</p> <p>(ii) to request that an update on the development of the Aberdeen ALEO forum be provided to the Hub at its next meeting on 15 August 2016.</p>	N/A

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			forum had been established to discuss best practice and explore areas where partnership working was possible between the ALEOs. The Chair welcomed this initiative and requested that an update be provided to the Hub's next meeting on the forum's development and if any areas of shared concern had been identified.		
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2.	Internal Audit Report on ALEO Governance	Internal Audit Report on ALEO Governance dated February 2016	<p>The Chair advised that the purpose of the report was to review the governance arrangements in place between the Council and its ALEOs, including the determination of sources of assurance with regards to risk management, internal controls, staff and information governance. The Chair then summarised the report and outlined what progress the Council had made with regard to the report's recommendations.</p> <p>Sandra Ross advised that there were a number of inaccuracies in the Internal Audit Report and she referred to section 2.3.6 and explained that no regular meetings had been scheduled between the Council and BAC to monitor operational performance; and she disputed section 2.3.8 which stated that the '<i>terms of an agreement can only be enforced if compliance is monitored</i>'; Ms Ross explained that BAC had complied</p>	<p>The Hub resolved:-</p> <ul style="list-style-type: none"> (i) to note the report; (ii) to note the information provided; and (iii) to request that the Chair correspond with the Council's Internal Audit Service to clarify their consultation process and determine if BAC had been consulted prior to the publication of their report on ALEO Governance. 	R MacBeath

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			with the requirements of their contract as they produced weekly and monthly KPI reports for their Health and Social Care Partnership colleagues as set out in their Service Level Agreement (SLA). The Chair asked if BAC had been consulted by the Council's Internal Audit Service before the report had been published. Ms Ross advised that she couldn't recall if they had been consulted and asked if there was any recourse to revise the report. The Chair stated that the report had been approved by the Audit, Risk and Scrutiny Committee on 9 March 2016 but explained that he would seek clarity on the consultation process from Internal Audit colleagues.		
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3.	Local Government and Regeneration Committee Report on ALEO Governance	Scottish Parliament Local Government and Regeneration Committee Report on ALEO Governance dated March 2016	The Chair advised that the purpose of the report had been to examine if ALEOs were the most efficient and cost effective way of delivering public services or a way to shift accountability for the delivery of public services. He added that the report focussed on the role of ALEOs in the delivery of public services; the Local Authority governance arrangements for ALEOs; and the accountability of ALEOs to Local Authorities and the communities they provide services to. Arising from the issues raised in the report, the Chair asked a number of questions.	The Hub resolved:- (i) to note the report; (ii) to note the information provided; and (iii) to request that BAC keep under review their equal pay liabilities for the City Home Helper pilot project.	R MacBeath, J Capstick

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			<p>The Chair asked what BAC’s approach to branding was and if they found that there was still a perception amongst service users that BAC was a Council service. Sandra Ross advised that service users were aware that BAC was a separate entity from the Council as they were a much scrutinised organisation and she increasingly felt that their brand was becoming more distinct from that of the Council.</p> <p>The Chair noted that the Committee had highlighted ALEOs’ use of zero hours contracts which Jeff Capstick (HR Manager, ACC) defined as contractual conditions which placed restrictions on staff working elsewhere and that also reduced their ability to refuse shifts when offered. The Chair asked how many BAC employees were employed under zero hour contracts. Sandra Ross advised that BAC employed staff under casual contracts and no staff were employed under zero hours contracts. She added that under the Service Level Agreement BAC were contracted to provide terms and conditions that were equal to the Council’s. At this point Jeff Capstick explained that under this arrangement there were no equal pay liabilities but he advised BAC to keep under review the terms and conditions of the City Home</p>		
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			<p>Helpers pilot project.</p> <p>The Chair enquired if BAC had a role in the community planning process. Sandra Ross informed the Hub that they had no input into the community planning process but would welcome greater involvement although they were represented on the Locality Management Group.</p> <p>The Chair asked the BAC representatives to respond to paragraph 89 of the report which noted the Committee’s misgivings around ALEOs delivering social care services and their belief that at least one Councillor should sit on the Board of any ALEO which had oversight of delivery of these services. Sandra Ross advised that they would continue to monitor the existing arrangement of having no Councillors on their Board and would consult with the Council if the Committee made any formal recommendations that mandated a review of their existing governance structures. Martin Kasproicz (Lead Service Manager, ACH&SCP) informed the Hub that he did not share the Committee’s misgivings in this particular area and Sandra Ross added that when she provided evidence to the Committee on 18 November 2015 it was her perception that members had recognised that ALEOs provided value for money but she</p>		
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			<p>explained that the report did not necessarily reflect this to any great extent.</p> <p>Neil Buck (Risk Manager, ACC) asked if BAC benchmarked their performance against comparable organisations. Sandra Ross advised that this was difficult as there were few Scottish ALEOs that delivered health and social care services but highlighted that they did benchmark performance for general areas such as sickness levels and financial positions and this had informed the development of their performance framework.</p> <p>The Chair advised that the Community Empowerment Act included provisions to ensure the greater involvement of local communities in the shaping and delivery of public services and asked if the BAC Board had discussed the impact of the Act. Sandra Ross advised that the Board had not formally discussed the Act but these discussions would take place in the future at locality management level to ensure that the views of their 14,000 service users across 57 facilities were well represented.</p> <p>The Chair asked Ms Ross if there had been any follow up from the Committee since she had appeared before them on 18 November 2015. Sandra Ross advised</p>		
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			that she had contacted the Clerk to the Committee and he did not provide any additional advice except to note that the report was aimed primarily at Local Authorities and the ALEO governance arrangements that they had put in place.		
4.	Minute of previous meeting – 8 December 2015	ALEO Governance Hub minute – 8 December 2015	<p>With reference to the sederunt Mr MacLean requested that his title be amended from Finance Manager to Finance Director;</p> <p>With reference to item 2(i) (Minute of Previous Meeting) Sandra Ross advised that BAC were on target to develop bespoke financial procedures;</p> <p>With reference to item 8 (Business Planning) Sandra Ross explained that City Home Helpers was a pilot scheme and not a trading company;</p> <p>With reference to item 8 (Business Planning) Alistair MacLean noted that BAC had projected a net profit of £110,000; and</p> <p>With reference to item 8 (Business Planning) Mr MacLean highlighted that staff pay accounted for 85% of BAC's costs.</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to revise Alistair Maclean's title from Finance Manager to Finance Director;</p> <p>(ii) to note that City Home Helpers was a pilot scheme and not a trading company;</p> <p>(iii) to note that BAC had projected a net profit of £110,000 for 2015-16;</p> <p>(iv) to note that 85% of BAC costs were related to staff pay;</p> <p>(v) to note the information provided; and</p> <p>(vi) otherwise approve the minute as a correct record.</p>	I Robertson
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5.	Improvement Plan	Improvement Plan as at 9 May 2016	<p>With reference to item 1 (Business Continuity Plan) Sandra Ross confirmed that business continuity plans were in place for all BAC services;</p> <p>With reference to item 2 (Risk Management Strategy) Neil Buck advised that he had met with Sandra Ross and had received BAC's Risk Management Strategy;</p> <p>With reference to item 3 (Internal Audit Arrangements) the Chair highlighted that a revised Internal Quality Audit policy had been attached to today's agenda;</p> <p>With reference to item 4 (Commercial Compliance) Joan McCluskey confirmed that she had met with Alistair MacLean to discuss the requirements of the Procurement Reform Act and the Chair noted that BAC's Contracts Register had been attached to today's agenda;</p> <p>With reference to item 5 (Health and Safety Compliance) the Chair advised that BAC's health and safety policy; audit scores; committee minutes and actions had been attached to today's agenda;</p> <p>With reference to item 6 (HR Compliance) Sandra Ross highlighted that City Home Helpers was a pilot project and risk</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the Improvement Plan; and</p> <p>(ii) to note the information provided.</p>	I Robertson
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			<p>associated with equal pay claims had been identified in the project plan; and</p> <p>With reference to item 7 (Service Performance Working Group) the Chair advised that an update would be provided under item 5 of today's agenda.</p>		
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6.	Risk Mitigation and Management	<ul style="list-style-type: none"> a) Risk Management Minutes – March 2016; b) Risk Register – March 2016; c) Quality Statement; d) Quality Policy; e) Internal Quality Audit; f) Corrective & Preventative Action Statement; g) Control of Non Conform Service; and h) Management Review. 	<p>Neil Buck referred to the attached risk register and noted that they had assigned a high risk to staff turnover, recruitment challenges and increased agency use and he enquired how significantly this had impacted on their business. Sandra Ross advised that they had developed a support pool for planned cover and tried to restrict agency use to emergencies or as a last resort.</p> <p>Mr Buck asked if BAC had made progress on the development of an impartial internal audit function. Ms Ross highlighted that she had met with Mr Buck to discuss the requirements of an impartial internal auditing service and she referred to the updated Internal Quality Audit Policy which had been revised in February 2016 and added that this would be an area they would continue to review. Ms Ross advised that in the meantime they had strengthened their validation process through cross auditing and peer review of</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to note the reports; and (ii) to note the information provided. 	N Buck

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			managers. She also informed the Hub that their HR and health and safety arrangements were audited independently and it was their aim to attain ISO 9000 certification.		
7.	Health, Safety and Wellbeing Compliance	<ul style="list-style-type: none"> a) Health & Safety Sub Committee Meetings; b) Audit Scores 2015; c) Health & Safety Policy; d) Health & Safety Audit Results & Dates 2016; e) Health & Safety Poster of the Month – March 2016; f) Health & Safety Committee Minutes – 17 March 2016; g) Medical Health Alerts; and h) Health & Safety Committee Action Points – 17 March 2016. 	<p>Mary Agnew (Health, Safety and Wellbeing Manager, ACC) introduced the Health, Safety and Wellbeing Compliance section and asked how BAC trained their staff. Ms Ross explained that they had a three tier learning and development programme. The first tier was mandatory for all staff and included areas such as health and safety, GIRFEC and manual handling. The second tier was role specific. And the third tier had been put in place for staff who had been promoted or who had requested further development. She added that managers were responsible for staff training and this arrangement was monitored on a regular basis by the senior management team.</p> <p>Neil Buck asked if BAC had considered a standardised approach towards health and safety training. Sandra Ross advised that she was not sure if a one size fits all approach was the most appropriate method, she explained that she could see the value for general areas such as adult protection and GIRFEC but highlighted</p>	<p><u>The Hub resolved:-</u></p> <ul style="list-style-type: none"> (i) to note the reports; (ii) to note the information provided; and (iii) to request that BAC meet with the Council's Health, Safety and Wellbeing team to review the current engagement strategy. 	M Agnew

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			that training on for example, bath temperatures would be unnecessary for staff that had administrative roles. She also commented that the standardised approach to H&S training which was in place for staff when BAC went live did not meet the organisational needs to ensure compliance and quality delivery.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
8.	Finance	a) Finance Director's Report – February 2016; and b) Financial Board Schedules.	<p>Paul Dixon (Accounting Manager, ACC) referred to the attached Finance Director's Report and asked how the £1million efficiency savings had been delivered and what their financial position would be at Year End. Alistair MacLean explained that over the past year BAC had absorbed additional cost pressures including £300,000 of pension costs; redesigned their enablement service and increased their profitability from a loss of £140,000 in 2014-15 to a net profit of £110,000 in 2015-16, he advised that this had lead to a cumulative saving of £1million.</p> <p>Mr MacLean explained that the redesign of the Enablement Service meant that over 100 colleagues had been trained to provide an enablement service and this was a significant increase from the 16 specialist staff that previously provided the service. Mr MacLean added that the cost to deliver services was essentially the</p>	<p>The Hub resolved:-</p> <p>(i) to note the reports; and (ii) to note the information provided.</p>	P Dixon

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			<p>same in comparison to the previous financial year and advised that the net profit of £110,700 was subject to corporation tax which still had to be finalised.</p> <p>Jeff Capstick enquired what the breakeven point was for the City Home Helper pilot project. Alistair MacLean advised that the project would breakeven after it had provided 1000 hours a month of service but he estimated that they currently provided a few hundred hours per month. Ms Ross explained that they were only five months into a two year project and new clients were still joining, and good feedback was being received.</p>		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	Commercial Compliance	Contracts Register	Joan McCluskey (Commercial and Procurement Manager, ACC) advised that she had met with Alistair MacLean since the last Hub meeting in December 2015 and they had discussed the requirements of the Procurement Reform Act and the need to update BAC's policy documents and procedures to ensure their compliance with the legislation. Ms McCluskey referred to the attached Contracts Register and asked if it had been published as this was a requirement of the Act. Alistair MacLean advised that the register had not been published but he would look to action	<p>The Hub resolved:-</p> <ul style="list-style-type: none"> (i) to note the Contracts Register; (ii) to note the information provided; and (iii) to request that BAC meet with the Council's Commercial and Procurement Services team to discuss their compliance with the regulated 	J McCluskey

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			<p>this as soon as possible.</p> <p>Ms McCluskey explained that regulated procurements, fair working practices and commercial sustainability were also key provisions of the new legislation and she advised that public sector bodies should encourage contractors to pay their staff the Scottish Living Wage. She informed the Hub that she would like to meet with BAC to discuss compliance with these outstanding items and Mr MacLean advised that they would schedule a meeting with the Council's Commercial and Procurement Services team to ensure BAC's compliance with the Act.</p>	<p>procurements, fair working practices and commercial sustainability provisions of the Procurement Reform Act.</p>	
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
10.	Service Performance Working Group	N/A	<p>Martin Kasprowicz informed the Hub that the Service Performance Working Group consisted of managers from the Council and BAC and its proposed remit was to systematically assess BAC's KPIs and their fitness for purpose; ensure that progress was being made on agreed outcomes; and be a forum to support BAC's service delivery on behalf of the Council. Mr Kasprowicz highlighted that the Working Group had met intermittently and had last met on 29 April 2016 with its next meeting scheduled for 7 June 2016. Mr Kasprowicz advised that it was particularly important that working</p>	<p><u>The Hub resolved:-</u></p> <p>(i) to note the information provided; and</p> <p>(ii) to request that the minutes of the 7 June 2016 meeting of the Service Performance Working group be provided to the Hub at its next meeting on 15 August 2016.</p>	M Kasprowicz

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			relationships were strengthened between the Health and Social Care Partnership and BAC colleagues as 10% of the Integrated Joint Board's budget had been apportioned to the provision of services that were being delivered by BAC. Sandra Ross added that she was keen to look at increasing the value of the KPIs but highlighted that the SLA needed to be reviewed to reflect these new arrangements as KPIs were a core part of the contract and as such could not be altered without formal due process.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
9.	Estate Management	License to Occupy Archibald Simpson House between ACC and Bon Accord Care dated 31 July 2013	The Chair advised that responsibility for repairs and maintenance had been identified by Hub members as an area of concern for the Council as there was a lack of consistency across ALEO leases on areas of responsibility between the parties. He asked the BAC representatives which party had responsibility for their facilities' repairs and maintenance. Alistair MacLean advised that he had written to the Council on 6 February 2015 to highlight that BAC had no maintenance budget and he proposed that responsibility for maintenance be clarified and formally resolved in a redrafted lease agreement. Mr MacLean explained that he had not yet received a written response to his correspondence.	The Hub resolved:- (i) to note the License to Occupy; (ii) to note the information provided; and (iii) to request an update on the development of a lease agreement between the Council and BAC for the Horizons Rehabilitation Centre.	M Kasproicz

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			The Chair enquired how repairs and maintenance issues were dealt with on an operational basis. Mr MacLean informed the Hub that there were a number of areas where responsibility was contested between BAC and the Council, and he highlighted that the Horizons Rehabilitation Centre had no lease in place and he was increasingly concerned about liability exposure.		
No	Item	Documents Submitted	Assurance Provided	Actions/Decisions	Lead Officer(s)
11.	The Chair's Closing Remarks	N/A	The Chair thanked the Bon Accord Care representatives for their attendance and contribution and the Clerk advised that the minutes from today's meeting would be submitted to the Council's Audit, Risk and Scrutiny Committee on 27 June 2016.	<u>The Hub resolved:-</u> to note the information provided.	N/A

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