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LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP TUESDAY, 11TH AUGUST, 2015

A MEETING of the LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP will be held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS on TUESDAY, 11 AUGUST 2015 at 10.00am.

J. J. WILKINSON,
Clerk to the Council,

4 August 2015

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 1 - 2) Minute of the Meeting of the Limited Liability Partnership Strategic Governance Group held on 21 April 2015 to be approved and signed by the Chairman. (Copy attached.)	3 mins
5.	Letter from Accounts Commission on Arm's Length External Organisations (ALEOs) (Pages 3 - 4) (Copy attached.)	5 mins
6.	SB Cares Board Members Update Verbal update by the Chairman of SB Cares on the recent appointment of Non-Executive Board Members.	10 mins
7.	Quarterly Performance Reporting Consider reports by the Finance and Commercial Director of SB Cares on the performance of SB Cares:	20 mins
	(a) SB Cares Budget Monitoring as at 30 June 2015 (Pages 5 - 8) (Copy attached.)	
	(b) Update on the development of Key Performance Indicators (Pages 9 - 12) (Copy attached.)	
8.	Amendments to dates of future meetings	2 mins

9.	Any Other Items Previously Circulated	
10.	Any Other Items which the Chairman Decides are Urgent	
11.	<p>Items Likely To Be Taken In Private</p> <p>Before proceeding with the private business, the following motion should be approved:-</p> <p>“That under Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A to the aforementioned Act.”</p>	
12.	<p>Minute (Pages 13 - 14)</p> <p>Private section of the Minute of the Meeting of the Limited Liability Partnership Strategic Governance Group held on 30 June 2015 to be approved and signed by the Chairman. (Copy attached.)</p>	3 mins
13.	<p>Business Plan</p> <p>(Copy attached.)</p>	30 mins
	(a) Introduction to 2015/16 Business Plan by Managing Director of SB Cares (Presentation.)	
	(b) Efficiencies Progress Update (Pages 15 - 18) (Copy attached.)	
	(c) New Business Development Update (Pages 19 - 24) (Copy attached.)	
14.	<p>Care Inspectorate Report (Pages 25 - 28)</p> <p>Update by the Operations Director of SB Cares on Registration of SB Cares Services with the Care Inspectorate. (Copy attached.)</p>	10 mins
15.	<p>Staff Terms & Conditions</p> <p>Update by the Managing Director of SB Cares on the effect of the recent contracts awarded to SB Cares on staff terms and conditions. (To follow.)</p>	15 mins

NOTES

1. Timings given above are only indicative and not intended to inhibit Members' discussions.
2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.

Membership of Committee:- Councillors F Renton (Chair), J Brown, J Greenwell, J G Mitchell and B White.

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SCOTTISH BORDERS COUNCIL
LIMITED LIABILITY PARTNERSHIP –
STRATEGIC GOVERNANCE GROUP

MINUTE of MEETING of the LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP held in the COUNCIL CHAMBER on Tuesday, 21 April at 2.00pm.

Present: Councillors F Renton (Chairman), J Brown, J Greenwell, J Mitchell.
In attendance: E Torrance (Chair Project Board), P Barr (Interim Managing Director), D Collins (Interim Finance Director), P Cathrow (Project Manager), D Robertson (Chief Financial Officer SBC), C Dove-Dixon, (CHS Consultant), Democratic Services Officer (P Bolson).

WELCOME

1. The Chairman welcomed everyone to the first meeting of the Limited Liability Partnership Strategic Governance Group (LLPSGG). Members were advised that a representative from the NHS had not yet been appointed and that Mrs Torrance would follow this up in advance of the next meeting of the Group.

**DECISION
NOTED.**

TERMS OF REFERENCE FOR THE LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP

2. There had been circulated copies of the draft Constitution for the LLPSGG which laid down the Terms of Reference for consideration by Members. It was noted that the LLPSGG had the power to make decisions and that meetings would also be open to the public for non-restricted business.

**DECISION
NOTED the Terms of Reference for the Limited Liability Partnership Strategic Governance Group.**

FUTURE AGENDA ITEMS

3. There had been circulated copies of the Reporting Obligations of the LLP and a proposal for a template to set the future Agendas for the LLP SGG. The items which would form the standard Agendas, in accordance with the Reporting Obligations of the LLP, were listed and included the Minute of the previous meeting; Progress against the Business Plan which would encompass Budget Monitoring and Key Performance Indicators (KPIs); Care Inspectorate Updates; and Partnership Agreement Monitoring. In addition, other items could be added to the Agenda as agreed with the Chair. Mr Barr explained that reporting back to the LLPSGG in this way would provide a clear statement of SB Cares' expectations for the company and where it had actually reached in terms of reaching its goals. Members were advised that the Care Inspectorate would routinely carry out a comprehensive audit of SB Cares services and any issues of concern would be identified at that time. Discussion followed and Members were advised that meetings of the LLPSGG would be scheduled on a quarterly basis. Mrs Torrance explained that the Local Authority had a statutory responsibility to provide certain social work services and that emergency issues which arose between meetings of the LLPSGG would be dealt with by the Chief Social Work Officer in order to meet those requirements.

**DECISION
AGREED the template for the setting of Agendas for future meetings of the Limited Liability Partnership Strategic Governance Group.**

DATES FOR FUTURE MEETINGS

4. Members were asked to consider a proposed schedule of meetings for the LLPSGG and agreed that quarterly meetings would take place at Council Headquarters on 11 August 2015, 27 October 2015, 26 January 2016 and 3 May 2016. Councillor Greenwell submitted his apologies for the meeting on 11 August 2015 and this was noted in the Sederunt.

DECISION

- (a) **AGREED** that quarterly meetings of the Limited Liability Partnership Strategic Governance Group would take place at Council Headquarters on 11 August 2015, 27 October 2015, 26 January 2016 and 3 May 2016.
- (b) **NOTED** Councillor Greenwell's apologies for the meeting scheduled for 11 August 2015.

PRIVATE BUSINESS

DECISION

5. **AGREED** under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business contained in the following items on the ground that they involved the likely disclosure of exempt information as defined in paragraphs 6 and 8 of the part 1 of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

Care Inspectorate Registration Update

1. Members were provided with a verbal update on the progress of registration by the LLPSGG with the Care Inspectorate.

Request for Service Transfer – Community Integrated Care; and TUPE Transfer Conditions

2. Members were provided with an update on the Request for Transfer – Community Integrated Care.

SB Cares – Focus for the First Year

3. Members considered SB Cares Plan for its first operational year.

The meeting concluded at 3.10pm

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Ms Tracey Logan
Chief Executive
Scottish Borders Council
Council Headquarters
Newtown St Boswells
MELROSE
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06 MAY 2015
Chief Executive

5 May 2015

Dear Ms Logan

I am taking the opportunity to write to inform you of various activities being undertaken by the Accounts Commission in pursuance of our interest in ensuring that councils are able to hold to account arm's-length external organisations (ALEOs).

40 years ago when the Accounts Commission was established, ALEOs did not exist. Now they account for over £1,300 million turnover and employ over 28,000 staff.

In June 2011, the Accounts Commission published the How councils work²⁵ (HCW) report *Arm's-length external organisations (ALEOs): are you getting it right?* This set out good practice principles and highlighted the risks and opportunities of delivering services through ALEOs. The report provided checklists and a self-assessment tool to assist councillors and officers effectively manage and scrutinise ALEO performance.

The HCW report built on the principles set out in the Accounts Commission and the Convention of Scottish Local Authorities (COSLA) 1996 'Code of Guidance on Funding External Bodies and Following the Public Pound'. The code – which received statutory backing in 2005 – was developed in response to growing concerns about the implications of ALEOs on control and accountability. The focus of the code is on self-regulation. It is based on the premise that to ensure public money is used properly, it is essential to 'follow the public pound' across organisational boundaries.

In January 2015, the Accounts Commission considered the outcome of further work on ALEOs, looking at the scale of their use, the rationale for ALEOs, and their governance.

From this follow-up work, it is clear that ALEOs continue to be a significant part of council service delivery, and are increasingly used, including essential services such as social care. It is fundamentally important that councils have effective governance in place to manage their involvement with these organisations and to monitor the associated performance, costs and risks.

The Commission noted that, since 2011, councils have put in place more rigorous measures for governing ALEOs. But the standard of practice varies between councils, and indeed, within individual councils. For example:

²⁵ How councils work: an improvement series for councillors and officers – Arm's-length external organisations (ALEOs): are you getting it right?, 16 June 2011 for the Accounts Commission http://www.audit-scotland.gov.uk/docs/local/2011/nr_110616_aleos.pdf

- Some councils lack clear guiding principles for councillors or officers with a role in ALEOs. Councils need to ensure they minimise the potential for conflicts of interest and set clear criteria for appointing board members. This requires ongoing training and development.
- Many councils demonstrate a clear rationale for creating ALEOs through options appraisal and detailed business appraisals. But, there is less evidence of councils reviewing existing ALEOs to ensure they continue to meet the council's objectives.
- Councils have monitoring arrangements in place for ALEOs and there are examples of good practice. Arrangements include codes of guidance for the governance of ALEOs, scrutiny committees of elected members, and ongoing monitoring and liaison with ALEOs by council officers. The standard is, however, variable and councils need to ensure that effective and proportionate arrangements are in place for all ALEOs. This includes regular monitoring of performance, financial information and risks.
- Most councils have service and funding agreements in place for ALEOs. But these do not always include measures to ensure councils can respond quickly where an ALEO is no longer meeting its requirements. This includes setting clear termination agreements, performance measures and targets, and triggers for review. Councils should also put in place sufficient access rights for auditors and council officers.

Councils need to ensure that they have effective arrangements in place for all ALEOs and make good use of the guidance in the HCW report *Arm's-length external organisations (ALEOs): are you getting it right?* The Commission will continue to examine councils' use of ALEOs as part of their requirement to demonstrate Best Value. In conjunction with this letter to councils, we are also preparing a guidance note to assist external auditors of councils in their audit of councils' governance and funding arrangements with ALEOs. A further HCW report on roles and relationships is planned for later this year and this is likely to include further guidance on member and officer roles in relation to arms-length organisations.

We will also this year undertake a review of the Code of Guidance on Funding External Bodies and Following the Public Pound to assist councils to apply the principles of good governance to the funding arrangements for ALEOs and similar bodies. I will write to you again when the review is complete.

Meantime, I hope this information is helpful to you to outline the Commission's continued interest in councils' use of ALEOs and their governance.

Yours sincerely



Douglas Sinclair
Chair, Accounts Commission



BUDGET MONITORING TO 30 JUNE 2015

Report by the Finance & Commercial Director

LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP

11 August 2015

1 PURPOSE AND SUMMARY

- 1.1 **To inform the Strategic Governance Group of the financial position for SB Cares at 30 June 2015.**
- 1.2 The budget monitoring position based on the actual income and expenditure to the 30 June 2015 shows a profit for the first quarter of £187k. The Senior Management Team have reviewed the progress being made to deliver agreed efficiencies and new business and at this early stage in the financial year are forecasting a profit of £481k which is in line with the Business Plan approved by Members in October 2014 and the Council's 2015/16 budget.
- 1.3 SB Cares have been awarded 2 new Care at Home contracts from Scottish Borders Council since the company commenced trading on the 1 April 2015. The first contract through a service transfer as provider of last resort for 273 Care at Home hours per week and the second through a tender award for 900 Care at Home hour per week. This in an increase in the company's Care at Home provision of 24% which has been reflected in the forecast financial position for 2015/16.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Strategic Governance Group:-**
- (a) Notes SB Cares financial position as at the 30 June 2015**
 - (b) Notes the information will be shared with Scottish Borders Council to inform the revenue monitoring position**

3 BACKGROUND & UPDATE

- 3.1 In October 2014 the Council approved a 5 year Business Plan to set up a Limited Liability Partnership (LLP), SB Cares a fully owned Council Company, to deliver its Adult Social Care Services. There were a number of benefits set out in the business case to improve the quality of services to people receiving care and their carers. These included:

- The ability to continue to provide quality services that are more cost effective and is more responsive at a local level
 - The ability to provide and sell a range of services to people who do not meet the Council's current eligibility criteria to provide preventative services
 - More efficient deployment of resources resulting in efficiency savings
 - Ensuring the Council continues to be able to meet its statutory responsibilities by SB Cares being established as provider of last resort
 - Being able to generate a surplus that contributes to overall social care resources
- 3.2 The Business Plan set out forecast savings for the Council of £5.6m over the first 5 years. This will be achieved through reduced contract costs to the Council and surplus generation. A more commercially orientated approach will help identify efficiencies through managing better workforce practices, managing consumables demand and cost reduction.
- 3.3 In addition SB Cares is now in a position to sell services at a surplus which the Council was not legally able to offer. A number of services were identified in the business case that could be offered to clients who do not currently meet the Council's eligibility criteria or who were keen to buy additional support. These services will support the Council's priority to provide a wider range of preventative services across the Borders.
- 3.4 An assessment of the Business Plan has been carried out to inform a detailed first year plan to deliver efficiencies and new business. This assessment has found that the assumptions in the Business Plan are still reasonable with the exception that the implementation for some areas may be later in 2015/16 than previously set out. The implementation of the first year plan has been reflected in the financial forecast for 2015/16.
- 3.5 In the first four months of operation SB Cares have been awarded 2 new Care at Home contracts from Scottish Borders Council. The first contract was through a service transfer as provider of last resort for 273 Care at Home hours per week in early June 2015. The second contract was awarded after SB Cares participated in a quick tendering process for 900 Care at Home hours per week. These contracts are reflected in the latest forecast financial position for 2015/16.

4 FINANCIAL POSITION AS AT 30 JUNE 2015

- 4.1 In the first year of the Business Plan approved by members in October 2014 it forecasts that SB Cares will generate a profit of £480k. The Senior Management Team has developed a detailed first year plan to support the delivery of efficiencies and new business which has informed the financial forecast for the year ending 31 March 2015.
- 4.2 The budget monitoring position is based on actuals as at the 30 June 2015 with profit of £189k has been achieved in the first quarter. This level of profit will not be sustained as investment in the implementation of efficiencies and new business is required particularly in the latter half of the year. This is reflected in the forecast profit of £481k for 2015/16, available for reinvestment in Social Care, which is in line with the target set in the approved Business Plan.

- 4.3 A Summary of the financial position at the end of the 1st quarter is set out in the table below:

SB Cares Forecast v Business Plan as at 30 June 2015						
Description	Actuals Q1 £	Business Plan Q1 £	Variance Q1 £	Forecast 2015/16 £	Business Plan 2015/16 £	Variance £
Income	4,197,913	4,489,610	(291,697)	17,924,444	17,958,441	(33,997)
Direct cost	3,892,941	4,225,826	332,885	16,948,860	16,903,304	(45,555)
Gross Profit	304,973	263,784	41,188	975,584	1,055,137	(79,552)
Overheads	115,899	143,744	27,845	494,695	574,975	80,281
Profit	189,074	120,040	69,033	480,890	480,161	729

4.3 **Income**

The forecast income 2015/16 for SB Cares exceeds the original Business Plan by £34k. Forecast income reflects the recently awarded Care at Home contracts for 1200 hours per week which this has been offset by two services originally included in the business case not transferring to SB Cares as part of the service contract with the Council. These services were the LD Local Area Coordinators and Specialist Dementia. In addition the development of new services included in the forecast income is lower than the Business Plan due to the work required to develop systems to support the new business. Details on the progress of new business developments are included in a paper later in the agenda.

4.4 **Direct Cost**

The direct costs for 2015/16 for SB Cares are forecast to be £46k over the original Business Plan. Again this reflects the 2 Care at Home contracts recently awarded from Scottish Borders Council off set by the two services that didn't transfer. Progress has already been made towards the delivery of efficiencies in the 1st quarter from more efficient deployment of resources with savings of circa £75k already achieved. Further detail on the progress being made on delivery of efficiencies is set out in a paper later in the agenda.

4.5 **Overheads**

Forecast savings in insurance and management costs have contributed to the reduction in Overheads for the year. In addition there are savings for the year from marketing expenditure which has been delayed due to the systems development required to support the new business. . Further details on SB Cares Marketing approach are included in a paper later in the agenda. It is not anticipated that there will be any impact on the delivery of the SB Cares 1st year plan from these savings from overheads.

5 IMPLICATIONS

5.1 Financial Recommendations

There are no costs attached to any of the recommendations contained in this report its content being specifically related to the latest financial positions of SB Cares for 2015/16.

5.2 Risk and Mitigations

There is a risk that SB Cares does not deliver the profit set out in the Business Plan for 2015/16.

The risks identified above are being managed and mitigated through:-

- (a) Monthly reports of actual expenditure and income against forecasts being made available to budget managers from SB Cares Financial & Operational System
- (b) Review of budget variances and monitoring of progress to deliver the first year business plan is reviewed monthly by SB Cares Senior Management team

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no significant effects on the economy, community or environment.

5.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

6 CONSULTATION

- 6.1 The SB Cares Senior Management Team and Chair of SB Cares have been involved in and agreed the compilation of the budgetary control statements appended.

Author(s)

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KEY PERFORMANCE INDICATORS

Report by the Finance and Commercial Director

LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP

11 August 2015

1 PURPOSE AND SUMMARY

- 1.1 **To update the Strategic Governance Group on the development of SB Cares key performance indicators (KPI's).**
- 1.2 The Council entered into a partnership agreement with SB Cares on the 1st April 2015. This agreement set out the governance arrangement and outlined reporting requirements. SB Cares is currently developing its strategic key performance indicators (KPIs) to be presented quarterly to the Strategic Governance Group (SGG). The initial indicators that have been identified as priority for development are:
- No. of clients we are supporting across our services
 - Average no. of carers supporting clients
 - Absence levels
 - No. of staff employed and the number of vacant posts.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Strategic Governance Group:-**
- (a) **Notes progress being made to develop the KPI's for SB Cares**
 (b) **Agrees the KPIs being developed are brought to the next meeting in November 2015**

3 BACKGROUND & UPDATE

- 3.1 The Council entered into a partnership agreement with its wholly owned subsidiaries Scottish Borders Cares LLP and Scottish Borders Supports LLP, both trading as SB Cares, on the 1st April 2015. In addition the Council entered into a Service Provision Agreement to allow SB Cares to deliver the Council's Adult Social Care. The Partnership Agreements set out the governance arrangement

and outlined reporting requirements of which one area is KPIs. Operational KPIs will be monitored through contract meetings with the Council's Commissioners with high level KPIs being reported quarterly to the Strategic Governance Group.

3.2 **DEVELOPMENT OF KEY PERFORMANCE INDICATORS**

The Senior Management Team have carried out an initial review of the information available to support KPIs for the business and have agreed to prioritise the development of four strategic KPIs as follows:

1. No. of clients we are supporting across our services
2. Average no. of carers supporting individual clients
3. Absence levels
4. No. staff employed and the number of vacant posts.

3.3 **NUMBER OF CLIENTS**

The development of KPI's around client numbers will allow monitoring of where the demand for SB Cares services are and support the focus for delivery of our 5 year plan. In addition as we develop our business and offer more services to private clients and those receiving direct payments we will be able to update members on business development.

3.4 **AVERAGE NUMBER OF CARERS SUPPORTING INDIVIDUAL CLIENTS**

One of the key objectives for SB Cares is to provide consistent care to our clients. A key area to monitor to support the delivery of consistent care is to ensure that clients do not have too many different carers providing the service. The number of carers will depend on the complexity of the clients care package and the period of time this is measured will need to be agreed e.g. weekly/monthly. To monitor this two initial KPIs will be developed:

1. No. of carers for an individual client with less than 10 hours of support
2. No. of carers for an individual client with more than 10 hours of support

This will provide the SGG with an indication on the quality of support we are providing to our clients.

3.5 **ABSENCE LEVEL**

Absence is one of the areas identified in the business case that could be improved through more assertive HR practise. Absence levels links strongly to a cultural shift which will be supported by reviews underway around working practises and patterns, which is included in both the remit to deliver a locality and target Care at Home model. The Senior Management Team is working with the Council's HR Shared Services team to develop reports to monitor and manage absence. The average absence level for SB Cares will be reported quarterly to the SGG.

3.6 **NUMBER OF STAFF EMPLOYED AND NUMBER OF VACANT POSTS**

The reporting obligations for SB Cares set out in part 3 of the partnership agreement includes reporting on the number of staff currently employed by the LLP together with the number of vacant positions currently held by SB Cares will be reported each quarter to the Council. This reporting obligation needs to be interpreted to ensure that it provides meaningful information to the Council and a proposal will be brought back to the next meeting.

3.7 **FURTHER KPI DEVELOPMENT**

There is a significant amount of valuable information in SB Cares operational and finance system. Both these systems are being developed to provide managers with relevant information to support the delivery and improvement of our services to be delivered efficiently and effectively. Areas that will be developed include KPI's to monitor customer satisfaction and market share.

4 IMPLICATIONS

4.1 Financial Recommendations

Any costs incurred in the development of reporting KPIs are included in SB Cares financial forecasts.

4.2 Risk and Mitigations

There is a risk that SB Cares does not effectively monitor KPIs for the business.

The risks identified above are being managed and mitigated through:-

(a) Monitoring of SB Cares KPIs against agreed targets to support the delivery of high quality services to our clients and delivery of the business by the Senior Management Team.

(b) Continue to develop KPIs for the business in the first year of operation

4.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

4.4 Acting Sustainably

There are no significant effects on the economy, community or environment.

4.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

4.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5 CONSULTATION

5.1 The Senior Management Team and Chair of SB Cares have been consulted on the progress to date of developing KPIs for the business and have agreed the priority KPIs to be reported to the SGG.

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