

# **European and Economic Social Committee**

Presentation by  
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17<sup>th</sup> March 2014



## Areas to cover:

About Us

Structure and Governance

Achievements

Learning

What Next



## About Us

OCS is a limited Company with Northamptonshire County Council as the sole Shareholder.

- OCS deliver a broad range of services for adults that enhance and improve quality of life, independence and wellbeing, including:
  - Services in the home: reablement, equipment and homecare;
  - Support in the community: wellbeing centres, youth clubs, respite care and employment services;
  - A place to live: care homes, supported housing and shared lives.
- Forecast Turnover in 2013/14 of £31M;
- 91% NCC contracts, 9% NHS, DWP and private customers;
- Supports over 10,000 customers a year;
- 1,200 team members;

## History

- OCS has developed from being a division of NCC operating in the context of a growing older population, immature market, increased self or co-funding and the development of personal budgets;
- Options considered: no change, tender and contract, social enterprise or trading company;
- OCS was established to:
  - Increase choice and better meet community needs through ability to trade;
  - Give a stable and committed workforce a future;
  - Achieve efficiencies through direct management of the total business;
  - Increase the Council's profile and create an asset;
  - Reduce the Council's exposure to change.

## Legal Basis

Section 95 of the 2003 Local Government Act and 2009 Order:

- Power to Trade – offer its services on a commercial basis (make a surplus);
- Power can only be exercised by a company.

“Teckal Exemption”:

- Exemption from competitive tender applies if there is:
  - Control – power of decisive influence;
  - Essential activity – essential part of activity with LA.
- Without Teckal requirement to advertise to market.



## Obstacles/Issues Arising in Implementation

- Managing tensions between the corporate body and directorate
- Prioritisation of resources and people
- IT complexity and license costs
- Pensions costs
- VAT.

However, obstacles can be overcome with the right leadership, governance and communication.

## Governance

- Role of the Board of Directors:
  - To operate the Company in the best interests of the Shareholder (usually expressed through a dividend) by:-
    - Setting the Values
    - Developing strategy and agreeing resources to deliver the strategy
    - Ensuring good governance and risk management
    - Developing relationships with a range of partners.
  
- Board membership comprises:
  - The Chairman
  - Three Non Executive Directors
  - Two Executive Directors (Managing Director and Finance & Commercial Director)
  - A varied skill mix with backgrounds in finance, audit, property, customer service, contracting, people management, health and social care.



## Governance – NCC as The Shareholder

- Decisions required by the Shareholder:
  - Board appointments
  - The Company Annual Plan
  - Specific technical responsibilities as outlined in the Articles of Association.
  
- The Portfolio Holder for Adult Social Care is the Corporate Shareholder. He is advised by a Shareholder Liaison Group consisting of:
  - The Council's DASS Senior Finance Officer and senior elected Councillors.
  
- The complexity of the relationship with NCC:
  - The Shareholder
  - Commissioner
  - Supplier
  - Landlord.



## Achievements

We can judge our achievements on whether we:

- Improve what we do to better meet the health and wellbeing needs of our customers and the people of Northamptonshire;
- Are a good employer that treats people fairly and recognises and rewards success;
- Create cashable and non-cashable benefits for our Shareholder.

## Chantelle

Chantelle is 23 years old and her life is full of opportunities.

She lives in a new flat in Wellingborough.

She is learning to cook.

She loves to socialise and see friends.

She likes to help people and is just starting to do voluntary work.



# Olympus Care Services Glitter Ball



# Da Vinci Apartments



## Da Vinci Apartments - Lounge



# Achievements

For customers:

- Continued development of existing services;
  - Improvement plan for the refurbishment of our care homes is under way with the first home completed;
  - Introduced transitions services to support the move to greater independence for young people moving to adulthood;
  - Developed holiday options alongside short breaks in care homes for adults with disabilities and their families.
  
- Started new services:
  - Youth clubs for 14 -25 year olds with disabilities;
  - The Crisis Hub in partnership with Health to support more older people in a crisis;
  - Step down services for people with dementia.

# Achievements

➤ For team members:

- Increased engagement and involvement;
- Set high standards of performance and tackled poor performance;
- Improved attendance at work;
- Developed training opportunities;
- Negotiated changes to Terms and Conditions;
- Improved recognition for success.

# Achievements

- For the Shareholder:
  - Improved the service available at a lesser price;
  - Responded quickly to put in place new services;
  - Supported with failing care services;
  - Delivered financial efficiencies.

	2012/13	2013/14	2015/16
In year one-off efficiencies	£330K	£70K	
Contract reductions	N/A	£1.6M	£578K
Dividend from previous year's operations	N/A	£570K	TBC following closure of accounts 2013/14
Total Financial benefits	£330K	£2,240M	TBC

Further operating surpluses from 2016/17 will be dependent on substantial growth.

# What we have learnt along the way

Cultural change and efficiencies can be achieved whilst retaining best of public service

- Importance of personal identification with the Company
- A common core purpose
- Congruence between words and actions.

The scale and extent of establishing appropriate governance, finance, risk management and business systems

- Different knowledge and skills required
- Risks acceptable in Council are not acceptable to a Company.

# What we have learnt

Central functions need to be completely aligned to business needs

- Back office services provided by the public sector are different from Company requirements
- The cost of exiting back office arrangements is time consuming and costly
- There is a need to spread or reduce back office costs to increase competitiveness.

Operating surpluses are only possible in some areas

- Primarily where services were previously delivered by the public sector or are of a specialised nature
- Back office costs, pensions and aspiring to a living wage limit achieving surpluses

Importance of working with the Shareholder

- Benefits are not always cashable
- Understand the competing interests
- Have mechanisms to achieve agreement.



## What we would have done differently

- Had clear contracts with NCC as the supplier of back office services earlier;
- Aligned back office to commercial needs of the service earlier;
- Introduced revised Terms and Conditions for new employees earlier;
- Introduced new skills earlier.



## Our Vision: Our Challenging Ambition for the Future

“TO BE THE REGION’S PRIMARY CARE PROVIDER, WORKING TO PROMOTE INDEPENDENCE AND WELLBEING AND REDUCE RELIANCE ON LONG TERM HEALTH AND SOCIAL CARE SERVICES”.

## Our Core Purpose: What we are here to do

“TO SUPPORT PEOPLE TO MAINTAIN **THEIR** INDEPENDENCE AND LIVE LIFE THEIR WAY”.



## What next?

### Company objectives:

**To deliver Shareholder benefit over the next three years and contribute to the achievement of the Company's visionary goal we have the following objectives:**

- Achieve a 20% increase in turnover in the 3 year period 2014/15 to 2016/17.
- Maintain an average net profit of 3% by the end of the three year period.
- Return 50% of the net profit to our Shareholder and retain sufficient funds for investment in the Company's long term sustainable growth.
- Support the integration of health and social care in Northamptonshire by taking on those functions presently provided by NCC and local health services that could be more effectively and efficiently provided by OCS.
- To focus our growth in our identified targeted areas outside of contracts with NCC.
- Increase our competitiveness to ensure we are able to successfully retender for selected existing contracts at the end of contract term and that our customers value the support we provide.
- Ensure that the Olympus brand is synonymous with the provision of expert high quality care in specific specialist areas of the market.
- Recognise and value the work of our employees by developing a healthy workforce culture and ensuring we share our success.
- Increase freedom and flexibility for the Company to make decisions, which are based on Shareholder requirements.
- Improve the environments from which we operate.



## Growth plan based on

### Years 2 and 3: 2013/14 and 2014/15 - Public Sector Focus

- Take on agreed NCC service requirements using Teckal exemption including work with NHS;
- Continue to build fitness for purpose Company: back office, Terms and Conditions, Pensions and continue modernisation of existing services;
- Develop responsible contractual efficiencies;
- Develop trading history and build financial position and balance sheet to be able to invest for growth.

### Years 4 and 5: 2015/16 and 2016/17 –

### Increased Private Market Focus

- Review the Company structure to support next stage of expansion;
- Concentrate development in prioritised areas