NHS LONDON

BRENT TEACHING PRIMARY CARE TRUST

Independent Management Review:

Financial Management and Corporate Governance

APPENDICES

Michael Taylor, Independent Investigator
February 2008

APPENDICES

(IN SUPPLEMENTARY DOCUMENT)

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Appendix 4: The aims of the FFPG and the planned review areas commencing in 2005/06.List of Financial Recovery Schemes in 2005/06.

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Appendix 6: Reports and Minutes relating to consideration of the 2006/06 Savings Programme.

Appendix 7: Analysis of Finance Reports received by the PCT Board.

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Appendix 9: Correspondence relating to the 2005/06 financial outturn involving Mr Patel and Mr Parker.

Appendix 10: Differing Operating Cost Statements considered by the EMT and the PCT Board in September 2006.

Appendix 11: A report prepared by Ms Patel for Mr Boucher relating to the 2004/05 Final Accounts about the Prescribing Expenditure Accrual.

Appendix 12: Distillation of the headline figures within the FIMS returns for 2005/06 and 2006/07.

Appendix 13: Correspondence relating to the Month 7 FIMS for 2006/07.

Appendix 14: Briefing Paper for PCT Board Members in preparation for the November 2006 Board-to-Board meeting about the Savings Plan.

Appendix 15: Notes of two EMT meetings in February 2006 and consideration of financial issues.

Appendix 16: Issues of concern to Practice Managers.

Appendix 17: Two timelines provided by the Internal Auditor in relation to detailed pieces of work undertaken in 2006 concerning Continuing Care and NHS Provider invoices and accruals relating to the 2005/06 financial year.

Appendix 1:

Persons assisting the Review.

Brent Teaching Primary Care Trust:

Ms C Afolabi, Risk Manager
Dr C Amobi, General Practitioner
Ms A Anderson, Interim Director of Finance
Mr B Arif, Director of Integrated Services
Ms P Atkinson, Director of Nursing, Quality and Clinical Governance
Mr N Attavar, Financial Accountant
Mr P Beal, Former Director of Human Resources
Mr C Boucher, Former Non-Executive Director
Ms D Breen, Former Locality General Manager
Mr P Church, Director of Turnaround
Dr A Craig, PEC Chair
Cllr G Crane, Former Non-Executive Director
Ms C Evans, Former Deputy Director of Finance
Ms J Farquharson, Assistant Director Service Development and Improvement
Ms J Gaffin, Former PCT Chair
Ms M George, Financial Analyst
Ms B Halligan, Finance Officer
Mr M Hellier, Former Project Director - Business Improvement
Ms A Jones, Head of Commissioning Finance
Mr S Kalakeche, Former Joint Director of Commissioning and Performance
Ms C Kerby, Practice Manager
Dr E Kong, General Practitioner and Former PEC Chair
Ms J Lindo, Director of Primary Care and Community Commissioning
Dr L Llewellyn, Former Chief Executive*
Mr S Maingot, Former Non-Executive Director
Mr Y Makare, Financial Analyst
Mr M McGowan, Head of Management Accounts
Ms C McGuane, Head of Press and Communications
Mr N O'Farrell, Estates and Premises Manager
Mr A Parker, Former Acting Chief Executive*
Ms A Partridge, Commissioning Manager
Ms I Patel, Former Deputy Director of Finance
Mr M Patel, Former Director of Finance
Mr M Patel, Financial Controller
Dr M Patel, Medical Director
Ms M Saunders, PCT Chair
Ms J Shattock, Former Joint Director of Commissioning and Performance
Mr C Somani, Non-Executive Director
Dr J Stanton, Director of Public Health
Ms J Thomas, Staff Side Chair
Ms J Tonge, Practice Manager
Mr N Webb, Former Interim Chief Executive
Mr I Wilson, Interim Chief Executive
Ms K Wise, Assistant Director of Human Resources

Former North West London Strategic Health Authority:

Mr P Donnelly, Director of Finance
Dr G Goodier, Chief Executive
Mr A Leonard, Director of Finance
Mr A Meekings, Interim Director of Finance
Ms C Millington, Chair
Mr D Mudd, Director of Performance
Ms M Shipton, Deputy Director of Finance

Harrow Primary Care Trust:

Mr A Morgan, Chief Executive

Local Medical Committee:

Dr F Wilson, Secretary

London Borough of Brent:

Mr M Cheeseman, Director of Housing and Community Care
Cllr D Clues, Former Chair Health Select Committee
Mr G Daniels, Chief Executive
Cllr C Leaman, Chair Health Select Committee

NHS London:

Ms H Cameron, Head of PCT Finance and Performance
Mr T Hanafin, Former Chief Operating Officer
Mr J McAuliffe, Former Associate Director of Finance
Mr J Wise, Deputy Director of Finance

North West London NHS Trust:

Ms S Chaney, Assistant Director of Finance
Ms M Wells, Former Chief Executive

Parkhill Audit Agency:

Mr R Campbell, Consulting Auditor
Mr I Doncaster, Managing Director
Ms I Shah, Audit Manager

Price Waterhouse Coopers:

Mr A Byrne, Senior Technical Manager
Mr C Everest, Engagement Partner

UNISON:

Mr E Jaggers, Regional Officer

(* Denotes persons who provided a response to written questions only.)

Appendix 2:

Letters of Agreement required by KPMG.

KPMG LLP
Restructuring
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Tel +44 (0) 20 7694 3629
Fax +44 (0) 20 7694 3011
DX 38050 Blackfriars

Mr Michael Taylor
[address]

Our ref rw/ag/987

DRAFT 12 July 2007

12 July 2007

Dear Mr Taylor,

Independent review into Corporate Governance and Financial Management arrangements

1 In connection with your review of Brent Teaching Primary Care Trust, (the PCT), our client the PCT has requested this firm to meet you and to provide factual information relating to work we performed for the PCT between 27 September and 13 November 2006.

2 You should note that significant events may well have occurred since our work was concluded on 13 November 2006. It is not this firm's function or responsibility to provide to you any information that may have come to this firm's attention, whether or not disclosed to or discussed with the PCT, at any point after that date, although it is possible that more recent information may be disclosed when we meet.

3 This firm does not accept or assume responsibility to anyone other than the client for its work, or for any judgments, findings, conclusions, recommendations or opinions that this firm has formed or made.

4 This firm's work, performed under agreed terms of engagement, was not planned or prepared in contemplation, or for the purpose, of your interests or needs.

5 Therefore, items of possible interest to you may not have been specifically addressed for the purposes of our work. The use of professional judgement, and the assessment of issues or their relevance (as appropriate) for the purpose of this firm's work, mean that matters may have existed that would have been assessed differently by you for your purposes. This firm does not warrant or represent that information or explanations that may be given by this firm in relation to our work are appropriate for your purposes. Our

work was not created for, and should not be treated as suitable for, any purpose other than that set out in the terms of engagement.

6 For the foregoing reasons, the information or explanations that may be given by this firm in relation to our work, or in connection with your review of our work cannot in any way serve as a substitute for other enquiries and procedures that you would (or should) otherwise undertake and judgements you must make for the purpose of satisfying yourself regarding any matters of interest to you regarding our work for any other purpose. Apart from the PCT and its reliance on our work, no-one else should rely for any purpose whatsoever upon any information or explanations that this firm may give in relation to our work or in connection with your review of it.

7 This firm is prepared to have a meeting with you and give information and explanations in relation to our work or in connection with your review of our work, on condition that you acknowledge and accept the foregoing paragraphs (including that the position in respect of this firm's work will remain as stated at paragraph 3 above following the provision to you of information and explanations in relation to our work) and agree to the following conditions upon which we will meet with you and give explanations and information:

(1) You accept, agree and acknowledge that:

(a) for the purposes of this letter, the expression "the Information" shall mean any information and explanations that may be given by this firm in relation to our work or in connection with your review of our work.

(b) in respect of the Information (and any part of it) the onus shall be upon you to obtain verification direct with the PCT rather than seek to rely on this firm.

(c) to the fullest extent permitted by law, this firm owes no duty to you, whether in contract or in tort or under statute or otherwise (including in negligence) with respect to or in connection with the Information or its provision or in relation to our work.

(d) if, notwithstanding the terms of this letter, you do rely upon any of the Information or our work for the PCT for any purpose, you will do so entirely at your own risk.

(e) you will not bring any actions, proceedings or claims against this firm where the action, proceeding or claim in any way relates to or concerns or is connected with the use of or reliance on the Information or our work for the PCT.

(f) to the fullest extent permitted by law, this firm has no liability to you for any loss or damage suffered or costs incurred by you, arising out of or in connection with the Information or its use, however such loss or damage is caused.

(g) you will not refer to the Information nor allow access to it or any report derived therefrom to any person or entity without this firm's prior written consent. (However, you will not need to obtain such consent in order to disclose and discuss the same (i) with the PCT for the purpose of obtaining information or verification from the PCT; (ii) with your legal advisers but then only on the basis that this firm will have no duty or liability to them; or (iii) otherwise as required by a Court or by statute or by a competent regulator.) Where this firm is willing to give written consent, this firm will require as a condition of such consent that the other person or entity agrees in writing

to be bound by and to observe the terms set out in this letter, as if references to you were a reference to the other person or entity.

(2) To the fullest extent permitted by law, you agree to compensate and reimburse this firm for and protect this firm against all actions, proceedings and claims brought or threatened against this firm, and all loss, damage and expense (including legal expenses) relating thereto where such action, proceeding or claim has arisen out of or results from or is connected with the use of, or reliance upon, the Information or any part thereof by any person or entity receiving it where such actions, proceedings or claims would not have arisen, but for the failure by you, or any of your professional advisors to comply with the terms of this letter. If any payment is made by you under this paragraph, you will not seek recovery of that payment from this firm at any time.

(3) Without limiting the obligation in paragraph 7(1)(g) above, you agree to ensure that the notice attached as Attachment 1 to this letter is attached to any document identifying us or the Information which is produced as a result of our meeting and is included in any note or report or other document in which you make reference to the Information.

8 The work performed by us was undertaken by, and is the sole responsibility of, this firm, that is KPMG LLP. In paragraph 7(1)(c) to (g) and 7(2) of this letter all references to "this firm" (except for the first and the last two references in the paragraph 7(1)(g)) shall have an extended meaning so that they include, in addition to KPMG LLP, partners, directors, employees and agents of this firm and any person or organisation associated with this firm through membership of the Swiss co-operative of professional service firms to which this firm belongs and their partners, directors, members, employees and agents. This letter is for the benefit of all of those third parties referred to in the previous sentence and each of them may enforce in their own right all of the terms of this letter.

9 This letter sets out the entire agreement as between you and this firm in relation to the conditions upon which we will meet with you and upon which information or explanations in relation to our work or in connection with your review of our work are given by this firm to you. It replaces all prior agreements or understandings (if any – unless based on statements made fraudulently) between or amongst you and this firm in that regard.

10 The terms of the agreement shall be governed solely by English law, and the Courts of England and Wales shall have exclusive jurisdiction in respect of any dispute arising out of it or in connection with it. You and this firm irrevocably waive any right to bring proceedings in any other jurisdiction, to object to proceedings being brought in those Courts, to claim that the proceedings have been brought in an inappropriate forum, or to claim that those Courts do not have jurisdiction.

11 Please confirm your agreement to and acceptance of the provisions of this letter by signing, dating and returning to us a copy of this letter. We will then make arrangements to meet you.

Yours sincerely

Paul Brice
Partner, KPMG LLP

Mr Michael Taylor hereby acknowledges that he agrees to and accepts the provisions of this letter.

Signature:

Name:

Position:

Date:

KPMG LLP
Restructuring
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Tel +44 (0) 20 7694 3629
Fax +44 (0) 20 7694 3011
DX 38050 Blackfriars

The Board of Directors
Brent Teaching Primary Care Trust
Wembley Centre for Health & Care
116 Chaplin Road,
Wembley,
Middlesex
HA0 4UZ

Our ref rw/ag/987

DRAFT 12 July 2007

12 July 2007

Dear Sirs,

Project Nephrite

You have asked us to meet with Mr Michael Taylor, an independent investigator, to provide factual information relating to our work performed between 27 September and 13 November 2006. This request has been made in the context of Mr Taylor's investigation for the Strategic Health Authority, the terms of reference of which are attached.

As you are aware, significant events may well have occurred since our work concluded, on 13 November 2006, and the scope of our work did not include analysis, review, or investigation of corporate governance and financial management arrangements at the PCT, which are now being investigated. It is not this firm's function or responsibility to provide to Mr Taylor, any information that may have come to this firm's attention, whether or not disclosed to or discussed with you, at any point after that date, although it is possible that more recent information may be disclosed when we meet.

This firm's general policy is not to agree to provide to third parties confidential information about work performed by this firm. However, this firm is content to agree to meet with Mr Taylor, but only on the basis of this letter, and the enclosed letter, which reflect guidance issued by the Institute of Chartered Accountants in England & Wales. In accordance with that guidance, I am now writing to confirm your agreement to the terms set out in this letter and to secure your authorisation for that provision.

As a condition of meeting with Mr Taylor and responding to requests for information and explanations in relation to our work in the course of or in connection with his investigation, this firm requires that Mr Taylor agrees to the terms of the letter enclosed.

This firm does not accept or assume responsibility to anyone other than you, as the beneficiary of our work, for our work or for any judgments, findings, conclusions, recommendations or opinions that this firm has formed or made. This firm's work, under agreed terms of

ATTACHMENT 1

Notice of KPMG LLP

1. KPMG LLP ("KPMG"), an adviser to Brent Teaching Primary Care Trust ("the PCT") has, on certain conditions, provided to Mr Michael Taylor confidential information and explanations relating to work reformed by KPMG for the PCT between 27 September and 13 November 2006.

2. KPMG does not accept or assume responsibility to anyone other than the PCT, for its work or for any judgments, findings, conclusions, recommendations or opinions that it has formed or made. To the fullest extent permitted by law, KPMG does not accept or assume responsibility to anyone as a result of provision of any information or explanations given to Mr Taylor in relation to KPMG's work or in connection with the review by Mr Taylor of KPMG's work.

3. KPMG's work was undertaken, on agreed terms of engagement, in order that KPMG might deliver to the PCT those services which it agreed to deliver and for no other purpose. KPMG's work was not created for, and should not be treated as suitable for, any other purpose.

engagement, was not planned or prepared in contemplation, or for the purpose, of Mr Taylor's interests or needs. Therefore, items of possible interest to Mr Taylor may not have been specifically addressed in our work. Our work was not performed for, and should not be treated as suitable for, any purpose other than that set out in the terms of engagement.

Accordingly, this firm requires that you agree to the following conditions:

(a) You accept the risk, and do not and will not hold this firm responsible, if any information or explanations that this firm gives to Mr Taylor, in relation to our work or in connection with his review of our work:

(i) causes an action or proceeding to be brought at any time against you or your directors; or

(ii) results in Mr Taylor, or any other person or entity, using or misusing any confidential information obtained from a review of our work or from any information or explanations given by this firm.

(b) You accept that, to the fullest extent permitted by law, this firm owes you no duty of care or other obligation and has no liability to you, in relation to any information or explanations that this firm gives to Mr Taylor in relation to our work or in connection with the review by Mr Taylor of our work.

(c) You confirm that you have all necessary permissions from relevant parties, to authorise provision of details of our work, and that there are no duties of confidentiality owed to any party which would prevent such information being provided to Mr Taylor.

Our work was undertaken by, and is the sole responsibility of, this firm, that is KPMG LLP. In paragraph (a) and (b) above references to "this firm", where appropriate in the context, shall have an extended meaning so that they include, in addition to KPMG LLP, partners, directors, employees and agents of this firm and any person or organisation associated with this firm through membership of the Swiss co-operative of professional service firms to which this firm belongs and their partners, directors, members employees and agents. This letter is for the benefit of all those third parties included within the reference to this firm and each of them may enforce in their own right all of the terms of this letter.

Please confirm that you authorise this firm to provide information or explanations about our work to Mr Taylor on the terms described above, by signing the enclosed copy of this letter. Please then return the signed copy to this firm marked for my attention.

Yours faithfully

Paul Brice
Partner, KPMG LLP

ACKNOWLEDGEMENT

Acknowledged, confirmed and agreed, for, and on behalf of, Brent Teaching Primary Care Trust and the directors of Brent Teaching Primary Care Trust.

Signature

Name

Position: Director

Date

Appendix 3:

Financial Commentaries for Months 6 and 7 - 2005/06.
Minutes of the FFPG meeting of 6 February 2006.

Brent tPCT

14

Commentary – Month 06 2005/06

1. Introduction

As at the end of September the tPCT is showing a surplus of £1million against it's resource limit. However the tPCT is carrying a recurrent deficit of £4.5million due to the over commitment of the LDP, but is proposing to cover this by slippage on schemes and tPCT internal savings programme.

2. Risks and Cost Pressures

Service Level Agreements

The most high risk element within this years commissioning portfolio is the impact of Payment by Results and Foundation Trust agreements. Most agreements where appropriate have been funded at last years out-turn. A number of Trusts have started to send performance monitoring information, the tPCT is assessing this, but is aware that the projected out-turn is not putting the tPCT in favourable position. The main area of concern is non elective over performance. Discussions have already commenced with providers and areas of concern are being raised, with the objective that any associated risks will be minimised.

Continuing Care

There has been a real reduction in the budget due to the loss of the subsidy for Old Long Stay patients. It is anticipated that the renegotiation of some continuing care block contracts will generate savings to meet this.

Provider Services

The highest pressure within the tPCT provider service is the use of agency staff. With the implementation of the PCT staff bank there is a visible reduction in agency costs, and managers are proactively scrutinising the use of agency staff.

Prescribing

The annual uplift of the prescribing budget has been less than in previous years, and with the pressure of funding new approved treatments and the impact of the Pharmacy Contract, this budget is under pressure.

Primary Care

The tPCT has now received notification of QOF allocations, and is currently modelling the resources against projected out-turn, initial work suggests that it is unlikely that the allocations will fully meet costs incurred.

3. Savings Programme

The tPCT's savings programme target has increased from £3.8 to £4.8 million, due to the need to find an additional contribution to the sector wide

financial position. In terms of progress to date, the tPCT can advise that the implementation of the new management structure is taking time and that real savings will not be seen until quarter 4 of the financial year, however there may be rationalisation costs attached to the re-structure.
Work is being done around reducing agency costs, and reducing excess bed days.

4. Cash
It is anticipated that the tPCT will stay within its cash limit.

5. Better Payment Practice Code
Performance as at the end of July is 89.0% of non NHS bills paid within target this represents 96.5% of the value.

6. Summary
The tPCT has an underlying financial deficit of £4.5 million and the added pressure to make a surplus of £1 million towards the sector wide financial position, both will be met from slippage in schemes and the savings programme. Both the Board and the management team understand the position and the risks involved.

Mahendra Patel
Director of Finance
October 2005

Brent tPCT

(4)

Commentary – Month 07 2005/06

1. Introduction

As at the end of October the tPCT is showing a surplus of £1million against it's resource limit. However the tPCT is carrying a recurrent deficit of £4.5million due to the over commitment of the LDP, but is proposing to cover this by slippage on schemes, tPCT internal savings programme and completing the sale of Willesden land by 31 March 2006.

2. Risks and Cost Pressures

Service Level Agreements

The most high risk element within this years commissioning portfolio is the impact of Payment by Results and Foundation Trust agreements. Most agreements where appropriate have been funded at last years out-turn. Monitoring information is being assessed and discussions are being had with Trusts in validating and confirming this information. One of the biggest risks facing the tPCT is uncoded activity as Trusts have 45 days after quarter end to code and assign activity so it an be charged back to the tPCT.

Continuing Care

There has been a real reduction in the budget due to the loss of the subsidy for Old Long Stay patients. It is anticipated that the renegotiation of some continuing care block contracts will generate savings to meet this. However there are activity pressures against this budget, as additional patients are being admitted for continuing care, and there is an issue of whether these patients are health and social care. There are currently discussions with the local authority in respect of the transfer of financial responsibility for patients who are have been assessed as requiring social care rather than health.

Provider Services

The highest pressure within the tPCT provider service is the use of agency staff. With the implementation of the PCT staff bank, and managers proactively scrutinising the use of agency staff, there is visible evidence that there is a real reduction in agency costs to date compared to last financial year.

Prescribing

Prescribing Support Unit forecasts are showing an upward trend, however history dictates that these forecasts fluctuate from one month to the next, and it is not until the last few months of the year do they reflect a position that is more in line with the final out-turn.

Primary Care

The tPCT has now received notification of QOF allocations, and is currently modelling the resources against projected out-turn, initial work suggests that it is unlikely that the allocations will fully meet costs incurred.

3. Savings Programme

The tPCT's savings programme target has increased from £3.8 to £4.8 million, due to the need to find an appropriate contribution to the sectorwide financial position. In terms of progress to date the tPCT can advise that there is slippage on schemes and it is likely that only £1 million will be delivered.

The sale of Willesden land has been marketed and the PCT has received over 100 expressions of interest, as the land is being sold with planning permission for housing. It is expected that by end of this year the long list of potential buyers will be narrowed down to 5 to 6 serious purchasers, and it is anticipated that an agreement will be reached by February and sale will be completed by the 31 March 2006. The estimated profit generated from the sale is approximately £2.8million.

Work is continued to be done around reducing agency costs, and reducing excess bed days.

4. Cash

It is anticipated that the tPCT will stay within its cash limit.

5. Better Payment Practice Code

Performance as at the end of October is 87.7% of non NHS bills paid within target this represents 96.5% of the value.

6. Summary

The tPCT has an underlying financial deficit of £4.5 million and the added pressure to make a surplus of £1.4 million towards the sector wide financial position, both will be met from slippage in schemes, the savings programme, and the sale of Willesden land. Both the Board and the management team understand the position and the risks involved.

Mahendra Patel
Director of Finance
November 2005

B

Brent tPCT

Commentary – Month 06 2005/06

1. Overview

The tPCT commenced the year with a recurrent deficit of £4.5million due to the over commitment of the LDP. The forecast position is a £1milliion surplus at year end, this is mainly dependant on the PCT completing the sale of Willesden land by the 31 March 2006.

	£'m	
Deficit - LDP Overcommitment	(4.5)	
Cost Pressures		
QOF over performance	(1.0)	
Other	(0.5)	
Total cost Pressures	(1.5)	
Total Funding Gap		(6.0)
Savings Schemes		
Savings Scheme target	4.8	
Slippage on savings scheme	(3.8)	
In year savings		1.0
In year solutions – Non recurrent		
Slippage on Developments	1.5	
Profit on the sale of Willesden	2.8	
Others	1.7	
Total in year solutions	6.0	6.0
Total forecast surplus		**1.0**

2. Risks and Cost Pressures

Service Level Agreements

Monitoring information is being assessed and discussions are being had with Trusts in validating and confirming this information. One of the biggest risks facing the PCT is uncoded activity as Trusts have 45 days after quarter end to code and assign activity so it can be charged back to the PCT.

Continuing Care

There has been a real reduction in the budget due to the loss of the subsidy for Old Long Stay patients. It is anticipated that the renegotiation of some continuing care block contracts will generate savings to meet this.

Provider Services

The highest pressure within the tPCT provider service is the use of agency staff. Managers are proactively scrutinising the use of agency staff. There is a visible evidence that there has been a real reduction in agency costs to date, compared to last financial year.

Prescribing
Prescribing Support Unit forecasts are showing an upward trend, however history dictates that these forecasts fluctuate from one month to the next, and it is not until the last few months of the year that the forecasts show a consistent trend.

Primary Care
Notification of the Quality and Outcomes Framework allocation has now been released. Initial costings against expected outcomes indicate that there will be a projected overspend between £1m to £1.5m.

3. Savings Programme
The tPCT's savings programme target has increased from £3.8 to £4.8 million, due to the need to find an additional contribution to the sector wide financial position. In terms of progress to date, the tPCT can advise that there is slippage on schemes and it is likely that only £1m will be delivered.

Mahendra Patel
14 October 2005

B

Brent tPCT

Commentary – Month 07 2005/06

1. Overview

The tPCT commenced the year with a recurrent deficit of £4.5million due to the over commitment of the LDP. The forecast position is a £1.4 million surplus at year end, this is mainly dependant on the PCT completing the sale of Willesden land by the 31 March 2006.

	£'m	
Deficit - LDP Over commitment	(4.5)	(4.5)
Cost Pressures		
QOF over performance	(1.0)	
Other	(1.0)	
Total cost Pressures		(2.0)
		(6.5)
Savings Schemes		
Savings Scheme target	4.8	
Slippage on savings scheme	(3.0)	
In year savings		1.8
In year solutions – Non recurrent		
Slippage on Developments	1.5	
Profit on the sale of Willesden	2.8	
Others	1.8	
Total in year solutions		6.1
Total forecast surplus		**1.4**

2. Risks and Cost Pressures

Service Level Agreements

Monitoring information is being assessed and discussions are being had with Trusts in validating and confirming this information. One of the biggest risks facing the PCT is uncoded activity as Trusts have 45 days after quarter end to code and assign activity so it can be charged back to the PCT.

Continuing Care

There has been a real reduction in the budget due to the loss of the subsidy for Old Long Stay patients. It is anticipated that the renegotiation of some continuing care block contracts will generate savings to meet this.

Provider Services
The highest pressure within the tPCT provider service is the use of agency staff. Managers are proactively scrutinising the use of agency staff. There is a visible evidence that there has been a real reduction in agency costs to date, compared to last financial year.

Prescribing
Prescribing Support Unit forecasts are showing an upward trend, however history dictates that these forecasts fluctuate from one month to the next, and it is not until the last few months of the year that the forecasts show a consistent trend.

Primary Care
Notification of the Quality and Outcomes Framework allocation has now been released. Initial costings against expected outcomes indicate that there will be a projected overspend between £1m to £1.5m.

3. Savings Programme
The tPCT's savings programme target has increased from £3.8 to £4.8 million, due to the need to find an additional contribution to the sector wide financial position. In terms of progress to date, the tPCT can advise that there is slippage on schemes and it is likely that only £1.8 m will be delivered.

Mahendra Patel
8 December 2005

FORWARD FINANCIAL PLANNING GROUP

Minutes of the meeting held on 6 February 2006

Present

Bashir Arif	(BA)
Jan Procter	(JP)
Caroline McGuane	(CM)
Andrew Parker	(AP)
Indira Patel	(IP)
Patricia Atkinson	(PA)
Judith Stanton	(JS)
Paul Beal	(PB)
Mahendra Patel	(MP)

Item No.	Discussion	Action
1	**Minutes of the previous meeting** Issue regarding the devolvement of the prescribing budget and incentive scheme to clusters was picked up, as more work needs to be done around the risk sharing arrangements. AP briefed on the recent meeting with the local authority regarding continuing care, and the debate continues on the outstanding issues between both organisations. The PCT has been tasked with looking at all elements of continuing care.	AP
2	**Financial Position to Date** MP briefed on the financial position to date which was still on target to make a surplus, but dependant on the sale of Willesden being completed by 31 March 2006.	
3	**2006/07 Savings Programme** MP tabled a paper with attachments detailing 2005/06 areas of concern i.e. overspend budgets and a plan to implement a savings target across all budgets.	

The first attachment detailed the £5.2m total projected overspend across all budgets.

MP stressed that management budgets needed to be revised to reflect the new management structure, however the total spend still needed to be minimised to take account of the budget available. MP suggested that he would meet with budget holders so that management budgets could be adjustment in line with the new management structure, and that areas of concern and shortfall in budgets could be identified. PB suggested that a senior HR advisor also joins the meetings so that establishment control issues could be discussed and picked up.

MP

MP continued through attachment 1, highlighting the overspend against commissioning budgets and the pressures against continuing care and mental health. He also pointed out that the majority of the overspend on the provider arm was driven by bedded services.

Attachment 2 focused upon getting back into balance, ie pulling back expenditure by £5.2m and then taking into account the savings of £2.75m that need to be found as a contribution towards 2006/07 planning process. This means that a cost reduction of 7.5% is applied to all management budgets and 5% on the provider arm.

MP informed that in addition to above the PCT had been advised that there would be at least 3% of the allocation topsliced to create a reserve at the Strategic Health Authority as a contribution towards the NHS financial position. There was also the issue of CPLNHS where the PCT would be topsliced by £1.5m in 2007/08 but would have to begin to implement plans to meet this target in 2006/07.

The following represents a summary of the cost reductions that have to be found in 2006/07:

	Rec £'m	**Non Rec £'m**	**Total £'m**
Getting back into balance	5.20		5.20
2006/07 savings programme	2.00		2.00
3% topslice		11.32	11.32
CPLNHS	0.75		0.75
Total	**7.95**	**11.32**	**19.27**

AP stressed that the PCT would have to look at every element of the PCT business including assets and estates

	to assess if there were financial benefits in selling on properties. MP took the group through a list of actions that directors and managers could begin to look at and start implementing, along with any other schemes that they and their teams could think of.	ALL
4	**2006/07 LDP** It was agreed that there would be weekly meetings to review the LDP process as the PCT was required to submit a balanced plan to the SHA.	
5	**Learning Disability Services** PA took the group through the list of staffing issues that were a financial pressure against the resources for Kingsbury beds. BA advised that Harrow Road surgery had agreed to provide the out of hours service to clients at Peel Road, this would mean that there would be a saving of £100k against the projected out of hours cost at Peel Road.	
6	**Willesden Land Sale Update** BA informed that contracts were expected to be exchanged within a week.	
7	**Next Meeting** **Next meeting is a Strategic Steering Committee on the 6 March 2006, and the group will next meet on 3 April 2006.**	

Appendix 4:

The aims of the FFPG and the planned review areas commencing in 2005/06.
List of Financial Recovery Schemes in 2005/06.

Brent Teaching Primary Care Trust

Forward Finance Planning

Introduction

Brent PCT has commenced 2005/06 with the knowledge that it there is an underlying recurrent deficit of £4.5m. Early this year allocations for 2006/07 and 2007/08 were announced, and demonstrated that the PCT has now fully met and exceed the distance from capitation target. The PCT is facing challenging times ahead, with the added financial pressure of not only delivering services and purchasing responsibilities but meeting national targets and directives.
The PCT has agreed that a Forward Planning Group is created to explore and identify solutions to reduce the financial deficit and will feed into the Strategic Steering Committee once established.

Objectives of the Forward Planning Group

The overall objective of the group is to produce a 6 month project plan for reviewing costs and making recommendations of cost reduction schemes to Strategic Steering Committee. The schemes will cover not only long term gains but short term "quick win" solutions.

To review financial control and governance processes to ensure these are at a high standard, if not to make recommendations to improve.

To take forward the recommendations made in the recent review by ATOS KMPG in assessing and benchmarking PCT internally generated costs (including provider services and primary care) against other NHS organisations.

To evaluate the effectiveness of PCT assets in light of service provision and utilisation.

To review current procurement arrangements and processes, to ensure that the PCT is getting value for money.

Review areas of the commissioning portfolio with an emphasis on Local Authority agreements in light of joint working arrangements and risk sharing.

To revisit the recommendations made by ATOS KMPG when reviewing learning disability services.

To review continuing care agreements and processes to ensure that the PCT is getting value for money.

To review average length of stay of medical admissions.

To make recommendations of the effectiveness of selected service level agreements.

To review commissioning agreements with voluntary sector including section 28 grants.

To review the provider functions of the PCT, to see if there is scope for improving costs.

To review agency costs of the PCT and explore alternative cost reducing options.

To re-assess the primary care agreements, to ensure that there are no duplications in terms of overlapping of services with the secondary care commissioning portfolio.

To reassess the prescribing budget for savings resulting from the falling of generic prices and the impact of PPRS.

To look at schemes that generate income, for example advance payments to the Local Authority and host providers with an agreement that the PCT take a share of the interest generated when investing these advances.

To explore alternative ways of providing internal services and functions more cost effectively.

Membership of the Group
The suggested membership of the group would be EMT members including representatives from:
Finance
Commissioning - secondary care
Commissioning - primary care
Provider/ Nursing
Operational Manager
Human Resources
(staff side rep?)
As and when required Estates, IM&T and other representatives

Frequency of Meetings
Meetings will be held monthly after EMT.

Objectives of the Strategic Steering Committee for Forward Financial Planning
To consider the project plan and recommendations made by the Forward Finance Planning Group.

To ensure that schemes have an appropriate fit with PCT strategies.

To approve schemes that are most appropriate and give authorisation to implement these schemes.

To ensure that progress is made in the delivering these schemes within agreed timescales.

Membership of the Group
Non Executive Director (Chair)
EMT Members

Frequency of Meetings
To meet bi-monthly

Summary
It is intended that an organisation wide approach will be adopted with the Forward Planning Group working closely with service leads and managers. Once schemes have been formally agreed by the Strategic Steering Committee the correct processes will be undertaken to inform staff and organisations outside the PCT of these changes.

RENT tPCT

INANCIAL RECOVERY SCHEMES

	Top Priority Areas 2005/06	Other Areas for review	Project Lead	Project Support
EMAND MANAGEMENT				
mbulance delivery to A&E departments		Impact of Emergency Care Practitioners	Andrew Parker	Judith Stanton
		Reductions in A&E admissions- use of telephone management	Andrew Parker	
eeds analysis			Andrew Parker	Judith Stanton
linical services review		Consider moving services out in the community	Bashir Arif	GMS
		Review of Family Planning and Womens Services	Bashir Arif	
		Review of Community Dental Services	Bashir Arif	
ase management	Willesden Beds - review length of stay	Chronic Disease Management	Bashir Arif	GMS
	Or attract additional income from outside the PCT		Bashir Arif	
Ps referral for tests and out patients			Bashir Arif	PDMS
Ps referral for admission			Andrew Parker	Bashir Arif/PEC
educe re-admissions			Andrew Parker	Bashir Arif/PEC
urse Practitioners			Bashir Arif	GMS

	Top Priority Areas 2005/06	Other Areas for review	Project Lead	Project Support
ıor Injuiries Unit			Bashir Arif	GMS
eadmission clinic			Andrew Parker	Bashir Arif
ferrral protocols and development			Andrew Parker	PJS/PBC
mission criteria and development			Andrew Parker	PJS/PBC
escribing protocol and development	Prescribing		Bashir Arif	Prescribing Advisor
thology protocol and development			Bashir Arif	Andrew Parker
diology protocol and development			Andrew Parker	Judith Stanton
leobotomy Service		Review of current service	Bashir Arif	
call arrangements		Kingsbury on call	Bashir Arif	
otocol for referral to allied health services and development			Bashir Arif	Andrew Parker
rtiary referrals		Review Tertiary referrals	Andrew Parker	
actice based Commissioning		Use PbC to manage activity and inappropriate referrals	Andrew Parker	Jane Lindo
FRASTRUCTURE				
ategic Fit of Infrastructure	Management Savings		Lise Llewellyn	All Directors
	FHS Structure	Impact of switching shared service provider	Lise Llewellyn	Bashir Arif
		Review Interpreter Services	Bashir Arif	
		Review Legal Costs	All	
pacity rationalisation			Lise Llewellyn	All Directors
1 partnerships			Andrew Parker	Samih Kalakeche
timise interboundary referrals			Bashir Arif	Andrew Parker

	Top Priority Areas 2005/06	Other Areas for review	Project Lead	Project Support
nical adjacencies review			Bashir Arif	Andrew Parker
PTIMISE PRODUCTIVITY/ EFFECTIVENESS				
rvice systems re-design			Bashir Arif	Andrew Parker
rformance and reward management			Paul Beal	Lise Llewellyn
ıpacity Utilisation review			Lise Llewellyn	All Directors
timise use of surplus assets			Bashir Arif	Mahendra Patel
timise equipment use			Bashir Arif	Samih/ GMS
est to improve productivity			Bashir Arif	Andrew Schiener
ormation systems			Mahendra Patel	Andrew Schiener
nical Audit			Judith Stanton	Ricky Barnarsee
DUCE DELAYED TRANSFERS				
tient transfer to lower acuity setting			Andrew Schiener	Bashir Arif/Judith Stanton
tient transfer to specialist hospital			Andrew Schiener	Bashir Arif/Judith Stanton
scharge Policy			Andrew Schiener	Bashir Arif/Judith Stanton
DUCE NET COSTS				
aff establishment management			Lise Llewellyn	All Directors
duction to staff establishment			Lise Llewellyn	All Directors
aff Resourcing			Lise Llewellyn	All Directors
neral appoints			Paul Beal	All Directors
ndering for locums			Paul Beal	Faye/ Patricia Atkinson
senteeism		Manage sickness and absence	Paul Beal	All Directors

	Top Priority Areas 2005/06	Other Areas for review	Project Lead	Project Support
1st Class Mail			Bashir Arif	GMS
GP Prescribing Initiative			Bashir Arif	Prescribing Advisor
Interagency Prescribing			Bashir Arif	Prescribing Advisor
Private Placements			Andrew Paker	Samih Kalakeche
Equipment service agreement			Bashir Arif	David Cox
Asset Management			Bashir Arif	Mike McGowan
Leases of Premises			Bashir Arif	David Cox
Capital Charges			Mahendra Patel	Mike McGowan
Capitalisation			Mahendra Patel	Mike McGowan
Car parking			Bashir Arif	David Cox
Legal Charges			Lise Llewellyn	Jan Procter
Patient Income			Bashir Arif	Manu Patel
Other Income			Bashir Arif	Mike McGowan
Category 3 Income				
Advertising and sponsorship			Paul Beal	
Asset sales	Willesden Land	Kingsbury	Bashir Arif	David Cox
		Scope Assets	Bashir Arif	David Cox
OTHER Telephone Costs		Analysis of costs by extension	All Directors	
		Mobile phone useage	All Directors	

	Top Priority Areas 2005/06	Other Areas for review	Project Lead	Project Support
Agency costs	Agency Costs - both provider and management consultants		Paul Beal/ Bashir Arif	All Directors
Staff Turnover			Paul Beal	All Directors
Skill mix review			Paul Beal	All Directors
e-recruitment			Paul Beal	All Directors
PROCUREMENT Voluntary Sector Service Level Agreements		Review HIV/ Aids	Andrew Parker	
Other Clinical Services		Re-tender Sexual Health Services	Andrew Parker	
Procurement capacity			Mahendra Patel	Faye Bissember
Collective Contracts		Continuing Care - joint procurement across sector	Mahendra Patel	Mansel Chamberlain
New product management			Mahendra Patel	Faye Bissember
Price Benchmarking			Mahendra Patel	Faye Bissember
Tender Waivers			Mahendra Patel	Faye Bissember
Bencjmark energy prices			Bashir Arif	David Cox
Market Testing			Bashir Arif	David Cox
Early Payment discounts			Mahendra Patel	Faye Bissember
GP presribing			Bashir Arif	Prescribing Advisor
Value added tax			Mahendra Patel	Manu Patel
Appeal rates			Paul Beal	
Audit energy use			Bashir Arif	David Cox
Telephone costs			Bashir Arif	David Cox

BRENT tPCT

FORWARD PLANNING FROM 2005 TO 2008

LIST OF FINANCIAL RECOVERY SCHEMES

No	Scheme	Impact on Service/ Risks	Risk Rating H/M/L	Project Lead	Project Support	Agreed by FFPG	Start Date	End Date	Recurrent Amount to be saved £000s	Non Recurrent Amount to be saved £000s	Invest to Save and Risks: Recurrent Revenue Costs £000s	Invest to Save and Risks: Non Recurrent Revenue Costs £000s	Invest to Save and Risks: Capital Costs £000s	Year 1 2005/06 Recurrent £000s	Year 1 2005/06 Non Recurrent £000s	Year 2 2006/07 Recurrent £000s	Year 2 2006/07 Non Recurrent £000s	Year 3 2007/08 Recurrent £000s	Year 3 2007/08 Non Recurrent £000s
1	Willesden Beds			Bashir Arif		04/07/05													
2	Prescribing			Bashir Arif	Prescribing Advisors	04/07/05													
3	Management Savings	Rationalisation costs are applicable	M	Lisa Llewellyn	All Directors	04/07/05	01/01/06		500			??			125	500			
4	FHS Structure		M	Lisa Llewellyn	Bashir Arif	04/07/05	01/04/06		200						0	250			
5	Agency Costs - Provider Services			Bashir Arif		04/07/05	01/04/05												
6	Management Consultants/ Agency			All		04/07/05	01/04/05												
7	Willesden land	Profit realised from sale is £2.8m. Must be sold before 31 March 05	H	Bashir Arif	David Cox	04/07/05		31/03/06		2,800					2,800	0			
	TOTAL								700	2,800	0	0	0	0	2,925	750	0	0	0

Appendix 5:

Minutes of the SSCFFP meeting held on 9 January 2006.

STRATEGIC STEERING COMMITTEE FOR FORWARD FINANCIAL PLANNING

Minutes of the meeting held on 9 January 2006

Present		Apologies	
Charles Boucher	(CB)	Bashir Arif	(BA)
Andrew Parker	(AP)	Judith Stanton	(JS)
Simon Bowen	(SB)		
Patricia Atkinson	(PA)		
Rod Goodyear	(RG)		
Mahendra Patel	(MP)		
Paul Beal	(PB)		
Indira Patel	(IP)		

ITEM NO	Discussion	Action
1	**PCT Financial Position to Date** MP briefed the committee on the position to date, which stood as before that is the PCT is still on target to make a surplus of £1.4m at the end of the financial year, however the pressures against the commissioning resources still continue. AP informed that NWLHT had issued an over performance invoice for £1.2m to cover all coded activity over the first 6 months of the financial year. There has been a visible increase in non elective admissions, however the PCT has indicated to the Trust that it will re assess A&E charges as the PCT provides a service at Central Middlesex A&E and MATs at Wembley, as there may have been an inclusion of activity undertaken by the PCT. AP informed that there was overperformance on other SLAs in particular The Royal Free and St Mary's. AP stressed that the 2005/06 overall commissioning out-turn would influence the 2006/07 LDP. CB asked of the position on the Royal Free, IP reported that 2004/05 out-turn had now been agreed, but 2005/06 SLA was still outstanding.	

2	**Kingsbury** PA apologised for not producing a paper on the issues, however there were still pressures on the out of hour's budget of £30k. PA stressed that a number of options had been looked at in reducing costs, and that clinical assistant support was being considered, which would reduce projected costs by £90k per annum. PA also reported that BA was liaising with GPs to assess whether or not they would be willing to provide this cover. PA informed that Westminster and K&C PCTs were not paying for the use of Kingsbury beds, and that Westminster had taken steps of putting a case to arbitration regarding the increase in Kingsbury bed costs.	
3	**Willesden Sale Update** RG reported on behalf of BA, that Willesden was still on target, despite a few technical stumbling blocks it was expected that contracts would be exchanged by the end of January 2006.	
4	**Continuing Care/ Mental Health** AP reported that at the last board meeting a paper was tabled on the continuing care issues. Before leaving the PCT, Lise Llewellyn had written to the Local Authority regarding the issues raised in the paper. The PCT has already received a legally interpreted reply from the LA, and Samih Kalaceche has been tasked with unravelling this. However AP had discussed the response with Martin Cheeseman from the LA, and it was agreed that each section of the paper would be reviewed and the financial impact would be assessed. AP also stressed that the Tribal sector report on Continuing Care (on behalf of NWLSHA) exposes Brent as being a high cost PCT compared to the national average.	
5	**Management Cost Savings** PB reported that the management restructuring was now complete, however redundancy costs still need to	

	be assessed, and could be between £0.5m to £1.5m. The next stage of the restructuring is redeploying staff within the organisation, as this is a legal obligation. PB would write to other organisations in the sector, to see if there were any vacancies. It is not likely that there will be any generation of savings during 2005/06, as most staff affected are on 3 months notice.	
6	**Agency Spend** IP reported that a report had not been produced. PB stressed that there were savings generated compared to 2004/05 agency costs but not as high as anticipated. There had been discussions of having a complete ban on all agency staff in February and March, but having assessed the risks around Willesden and Kingsbury beds, it had already been agreed that this was not feasible. The PCT staff bank was not being fully utilised, but this may be due to cultural changes.	
7	**Other Sectorwide PCT Savings Plan** IP shared with committee saving plans from other sectorwide PCTs. It was agreed that for 2006/07 the PCT needs to be a lot more robust in setting schemes and monitoring the position against these.	
8	**CPLNHS Savings Target** MP pointed out that the PCT had £1.4m savings target to meet against CPLNHS. Across London a process is in place looking at different workstreams. A number of assumptions have been made in how the savings could be delivered by PCTs, these including PEC being replaced by PbC boards and movement towards shared services for HR, Finance, IT, FHS and Commissioning functions. The recent guidance had stated that employment was guaranteed to staff up to July 2007.	
9	**2006/07 LDP Update** AP informed that there would be another update of the LDP after the discussions at the December PEC Board seminar.	

	AP also highlighted that discussions were underway with sectorwide chief executives as the DOH had indicated that 2006/07 PCT allocations would be topsliced to help towards the overall NHS deficit. The percentage talked of was 3%, but could be higher.	
10	**Minutes of FFPG - 5 December 2005** PB pointed out that under section 1, the overspend against the HR department had been agreed by the Executive Management Team.	
11	**AOB** AP asked the committee to review the PCT LIFT commitments, in light of the present financial climate, and also the provider functions, capital assets, and to look at ways of doing things differently.	
12	**Date of Next Meeting** 6 March 2006	

Appendix 6:

Reports and Minutes relating to consideration of the 2006/07 Savings Programme.

Brent Teaching Primary Care Trust

Savings Target - 2006/07

Introduction

The NHS is going through a very difficult time and the overall Financial Position does not look healthy for 2005/06. The financial prospect for London is worse but the North West London sector unfortunately is even worse. This will have a major impact for the tPCT. However, the tPCT is already going through major cost pressures although it is planning a surplus of £2.8m. This is on the back of the profit on sale of Willesden site. Otherwise the tPCT could have a deficit of £4.0m.

This report looks at the cost pressures in 2005/06 and looks ahead to 2006/07 in light of LDP and CPLNHS.

Cost Pressures – 2005/06

The tPCT entered into 2005/06 with a planned deficit of £4.5m in LDP hoping to achieve a financial breakeven by generating slippages and savings. However, this has been jeopardised due to cost pressures resulting in overpending in the current year.

The projected net overspend in budgets as reported to January Board is £3.8m for 2005/06. However, the total budgets overspending is £5.2m if the underspend in some budgets are excluded. This is summarised as follows:

	£000
Management Cost	(1,219)
Commissioning – SLAs	(1,931)
Other Health Services	(724)
Provider Services	(1,329)
Projected Overspending	(5,203)

The first step we need to take is to plan to reduce the overspend of £5.2m in 2006/07.

Cost Pressures 2006/07

The cost pressures in 2006/07 as part of the Operating Framework and CPLNHS are:

- 2.5% savings required to pay for inflation in Provider Services. This would be around £1.0m
- There is a funding gap of £1m in Provider Services mainly as a result of loss of income in services for Physical Disability (KCW), Community Services(Ealing, Camden, Islington, Harrow) etc
- There would be further loss in income for Learning Disability. This needs further work.
- Reduction of £1.5m over two years in Management Cost as per CPLNHS to reinvest in children's cancer services. It is expected that we achieve £0.5m savings in 2006/07 and further £1.0m in 2007/08. However, we need to plan to save in accordance with the operating framework for £0.750m.
- Creating a reserve of at least 3% LDP 2006/07 of the recurrent base line. This would be £11.5m for tPCT.

The summary of the additional savings required in 2006/07:

	£000	% of the budget
Management Cost Savings - CPLNHS	750	8.0
Provider Services		
CRES of 2½ to fund inflation (CIP)	1,000	2.5
Historic Funding Gap (loss of income)	1,000	2.5
Learning Disability (to be agreed)	?	
Strategic Reserves 3%	11,315	
LDP gap	873	
	14,938	
Cost pressures b/f 2005/06	5,203	
Total cost savings target	20,141	

Total Cost Pressures

	Cost Pressures 05/06	Cost Pressures 06/07	Total	%
Management	1,219	750	1,969	20
Commissioning	1,931	-	1,931	
Other Health Services	724	-	724	
Provider Services	1,329	2,000	3,329	8
Prescribing	-	-	12,188	
Reserves 3% & LDP gap	-	11,315	-	
Total	5,203	14,065	20,141	5

Savings Target

The management and provider services will need to target savings of £1,969k and £3,329k respectively totalling £5,298k. The remaining savings of £14,843k will have to come from Commissioning and Prescribing. A target savings in inflation funding and reduction of activity of 4.7% will be required to generate savings of £13,970. This would include the cost pressures of 2005/06 in Commissioning and other health services of £1,931k and £724k respectively.

The table below shows the total savings target:

	£000	%
Commissioning	10,850	4.7
Other Health Services	2,485	4.7
Provider Services	3,329	8.0
Prescribing	1,635	4.7
Management	1,969	20
	20268	5.5

Actions:

1. To agree the assumption and savings targets.

2. Directors come up with the proposals to save £20m in 2006/07 bearing in mind the slippages by 30 March 2006.

Mahendra Patel

FFPG 6 March 2006

Staff Costs - Total

	APR £000	MAY £000	TOTAL £000
Payroll	**3,386**	**3,099**	**6,485**
Agency	**136**	**301**	**437**
Total	**3,522**	**3,400**	**6,922**
Budget	**3,068**	**3,073**	**6,141**
Overspend	**(454)**	**(327)**	**(781)**

STEERING COMMITTEE FOR FORWARD FINANCIAL PLANNING

Minutes of the meeting held 4 September 2006

Present		Apologies	
Andrew Parker	(AP)	Charles Boucher	(CB)
Catherine Scicluna	(CS)	Jill Shattock	(JS)
Patricia Atkinson	(PA)	MC Patel	(MCP)
Mahendra Patel	(MP)		
Judith Stanton	(JS)		
Jan Proctor	(JP)		
Bashir Arif	(BA)		
Karen Wise	(KW)		
Samih Kalaceche	(SK)		
Mike Hellier	(MH)		
Indira Patel	(IP)		

Item No.	Discussion	Action
1	Apologies were noted, and AP welcomed CS, and went on to explain CS's remit of working on the savings plan which would cover project milestones and assessment of work in progress against these.	
2	**Minutes of the previous meeting** These were reviewed. MH advised work was underway in engaging GPs, a workshop had been set up on the 27 September, with the aim that the savings plan would be discussed in detail.	
3	**Minutes of the Forward Financial Planning Group** The minutes of the 7 August meeting were reviewed. MP gave an update on the Dental contract, as advice received from DOH was that the projected income streams were not correct, as there were timing issues of the income being recorded.	
4	**Additional Top slice £2.7m** AP took the committee through the letter of the 24 August 06 from David Nicholson, that reiterated that London not only had to generate a further £70m of savings but also the DOH would reduce PCT allocations from central budgets.	

	The impact on Brent PCT: • £700k – contribution towards the London gap of £70m • £60k – the reduction in MPET resources • £1,911k – central budget pressure A further letter was received from Jonathon Wise (NHS London) dated 1 September, that informed Brent that the total of the expected central budgets was £6.540m, along with the name of the budgets that were to be included in the central budget bundle. IP tabled a schedule that highlighted the central budget allocations: • £8.33m– received in 2005/06 • £8.304m – expected in 2006/07 • £6.540m – notified 2006/07 central budget allocation • £9.164m – projected 2006/07 costs (including the overspend against QOF resources) • £-2.624m – projected overspend variance AP suggested that the projected costs would need to be challenged internally, to determine whether these could be avoided and that no time should be wasted in starting to put plans into place. The committee brainstormed what they could do to minimise the financial risks to the PCT: • Challenge NHS Direct to why the PCT should fund the national service to the full amount. • Interpret the estimated QOF allocation into points. • Need to review the performance management arrangements for Primary Care and QOF. • Not to implement the 2006/07 DES arrangements. • Use legal channels to challenge continuing care arrangements. • Close MATS. • Implement the PEC vision of having GPs to front end A&E as this could reduce non elective care. • Close beds at Willesden Hospital that are occupied by Social Service Clients. • Close Learning Disability Day Centres, Neasden and Craig Avenue. • Sell Willesden Hospital, however this may not be an option as it is a PFI build. • The sale of the Peel Road building. • Re- look at the estates strategy including HQ base. • Hold back on elective waiting lists. • Review national targets, in terms of what can be saved in	ALL

	delivering against minimum targets. • Explore if capital resources relating to Primary care premises can be converted into revenue. • Impact of not having a flu campaign, in order to reduce immunisation and vaccination costs – but could result in increased acute admissions.	
5	**Current Financial Performance** MP reported that as at month 4 the PCT was overspent by £4m, and added that the SHA were reviewing the PCT recurrent position and had some concerns.	
6	**Pay Tracker** MP advised that month 5 pay information was not available due to technicalities. He went on to add that month 05 may not be reflective of the year end position, as AfC and back pay costs would distort the position, and that month 6 would be a better reflection of a months worth of pay costs.	
7	**Current Performance on Projects from Performance Review** MH fed back that he was confident that the targets would be delivered, however he was concerned that AfC back pay had not been budgeted for, however it was envisaged that this would be covered within existing budgets.	
8	**Risk Assessment** MH took the committee through the savings template that was submitted to the SHA, and stressed that a plan needed to be worked up for the additional savings target of £2.66m, that was identified on the 24 August. He also added that prescribing savings were on track to do better than target. MH advised that CS would lead on monitoring the milestones of each scheme.	ALL
9	**Work in Progress List** MH gave an up date on progress to date against the savings target. Against the £16.4m target, £10.4m was on target to be delivered, the shortfall was mainly against the demand management initiatives.	

10	**Dates of Next Meeting** 2 October 2006 – Forward Financial Planning Group 6 November 2006 – Strategic Steering Committee for FFPG 4 December 2006 - Forward Financial Planning Group 8 January 2007 - Strategic Steering Committee for FFPG	

Appendix 7:

Analysis of Finance Reports received by the PCT Board.

Brent Teaching PCT

Comments on Finance reports to the Board.

1. Reports used for analysis

- 25 November 2004 **(04/081)**
- 17 March 2005 (**05/031)**
- 12 May 2005 **(05/45)**
- 14 July 2005 **(05/067)**
- 22 September 2005 **(05/084)**
- 24 November 2005 **(05/099)**
- 26 January 2006 **(No cover)**
- 23 March 2006
- 25 May 2006 **(06/054)**
- 20 July 2006 **(06/070)**
- 28 September **(06/094)** (including savings plan **06/090**)
- 23 November 2006 **(06/111)**

I have not analysed the Finance report to the 25 January 2007 Board **(07/002).** This report was prepared by Anna Anderson.

2. General Comments

Positive

- The finance reports have been produced on a reasonably timely basis. For example the Finance report for the six months ending 30 September 2004 was presented to the November Board meeting. This is not best practice but is not considered to be unreasonable.

- Each report is in a similar format.

- The reports contain little financial jargon.

Negative

- No balance sheet information appears to have been included in the finance reports until March 2006. However, the implications of any movements were not explained to the Board when this information was provided.

- There are no meaningful links to activity information, particularly with the PCT's main providers.

- There is a lack of any substantive recommendations at the end of each report i.e. 'The Board is asked to discuss and note the report'. There are certainly no SMART (Specific, Measurable, Achievable, Realistic, Time Bound) recommendations for the Board to approve. This indicates a lack of board ownership of its financial position.

- The RRL summary at the beginning of each finance report is not informative. For example, for March 2005 the table follows with the statement 'The tPCT is the lead purchaser of London Patients Choice Project and receives the funding for the North West London Sector'. This does not tell the Board anything about what the RRL summary means.

- There are numerous references to the tPCT achieving its statutory duties by meeting any overspends from slippages on schemes and savings. However, a detailed cost savings plan was not presented to the Board until May 2006. There is also no detail of whether or not slippages will affect quality of services.

- Each finance report includes a two page reconciliation of the initial RRL to the RRL as at the particular month of reporting. This does not provide any meaningful information to the Board.

- The overall summary frequently uses the wording 'the plan is to achieve financial balance within the resources available'. However, there appears to be no actual plan in place to achieve this.

- There is frequent use of the word 'assume' in the reports e.g. 'assuming the savings are achieved'. These assumptions were not supported by back-up facts or any exploration of viability.

3. Detailed Comments

25 November 2004

- Section 5 – there is no explanation of what is meant by the statement that the 'financial position of the tPCT does not look healthy'.

- Section 7 – 'There are four [commissioning] SLAs to be agreed.' The report then provides some assurances that 'we have one or two issues to be resolved but do not...represent a significant financial risk'. However, this section also explains that the current forecast is a £2m overspend due to additional activity.

- Section 8 – (Continuing Care) 'There is a panel being established to assess the new cases and review the existing cases.'

- Attachment 2 (p2) of the report shows that the tPCT will breakeven assuming achievement of slippages (£2.665m) + SLA costs savings (£2m) + (£1.95m). **However, there is no plan for how these will be achieved in the body of the report.**

17 March 2005

- Section 3 - Evidence of the tPCT offering brokerage of £1.5m to the SHA. This indicates that the cash position is healthy as the tPCT is a net lender.

- Section 5 - A warning is given that the financial position 'does not look healthy'. The report states that the forecast overspend is £7m **after** allowing for the savings that were reported to the Board in January. The report then states that the 'tPCT could break-even at best or have a deficit of £1m at worse'. **However, there is no plan as to how either of these will be achieved.**

- Section 6 – 'A couple of [commissioning] SLAs still to be agreed'.

- **Much of the section regarding commissioning has been copied over from the previous report in November albeit with a few figures changed.**

- Section 7 – (Continuing Care) 'There is a panel being established to assess the new cases and review the existing cases'. **Therefore, there has been no progress since the report to the Board in November.**

- Section 15 – The report states that 'there would be risks associated in achieving the financial targets if the expenditure and over performance in Commissioning and Provider Services are not controlled and savings not found'. **However, there is no indication that there is action to address this.**

- There is a warning that 'the tPCT might not achieve a break-even position'.

- Attachment 2 (pg2) – The tPCT is forecasting a £970K deficit assuming savings/slippages of £6m.

12 May 2005

- Section 8 – Recognition that the panel has now been established to review continuing care.

- There is no information in the body of the report to explain how the tPCT has managed to achieve a surplus of £887K despite reporting a potential deficit of £970K plus required savings of £6m to the March Board. I have checked the Financial Statements paper (05/057) and this also does not provide an explanation.

- A Forward Financial Planning Group has been established...'to generate savings in excess of £1m'. However, the forecast deficit is now £5m.

14 July 2005

- Section 5 – The statement 'it is too early in the year to establish the trend to forecast accurate the anticipated expenditure for the year' implies to the Board that expenditure will be controlled once trends are established. However, good budgetary control is not contingent on future trends.

- Section 8 – (Continuing Care). There is a contradiction from the last report in May as it is stated that 'there is also a panel being established to assess new cases and review the existing cases'.

22 September 2005

- Section 8 – the panel to review Continuing Care has still not been established.

- Sections of this report have been copied forward from the last report e.g. most of section 7, section 8, section 9, section 15. The first sentence of section 11 doesn't make sense as it has been copied over and changed slightly.

- Attachment 2 (pg2) – The tPCT is forecasting a £2K deficit assuming savings/slippages of £5.45m. No savings plan is detailed.

24 November 2005

- Indication of potential issue with Continuing Care issue raised, 'In total there is a claim of £1.5m from the local authority. This has not been provided in the forecast outturn for the year'. **However, the report does not explain to the Board why these have not been factored into the outturn.**

- Acknowledgement that financial health is contingent on asset sales, 'there is reliance on the completed sale of Willesden and Pound Lane land before the 31 March 2006, as this will help to generate £2.8m profit towards the in year risks as detailed in this report'.

26 January 2006

- Section 3 - The report stated that the CRL should be adjusted by £1.047m due to risk but does not explain how this figure has been derived or what it means.

- Section 7 (Commissioning) – it is stated that most SLAs have been agreed but gives no explanation as to the plan for agreeing the outstanding SLAs. It is also stated that 'monitoring activity has started to flow through' which implies that the tPCT is not in control of monitoring performance.

- Section 8 - the panel to review Continuing Care has still not been established.

- Again, sections have been carried forward from the previous report e.g. section 11.

23 March 2006 (Finance Report)

- Section 3 – it is stated that there is a proposed plan to spend the CRL of £2.258m. However, the table shows proposed expenditure of £2.645m.

- Section 8 - the panel to review Continuing Care has still not been established.

- Attachment 2 (pg2) – The tPCT is forecasting a £2.8m surplus assuming savings/slippages/asset sales of £9.816m. **No savings plan is detailed.**

23 March 2006 (Financial Plan)

- Section 3.2 - The financial plan shows that savings of £13.672m are required against the LDP. At section 3.6 a cost savings target of £16.512m has been identified. This is further detailed in section 5.1 but the narrative is insufficient to give the Board assurance that this is achievable.

- The savings target in 5.1 is:

	Cost Pressure £000	Budgets £000	Total Savings £000	%
Commissioning – SLAs	1,931	9,600	11,531	5.2
Other Health Services	724	2,525	3,249	5.6
Provider Services	1,329	2,000	3,329	8.9
Prescribing	-	1,637	1,637	4.7
Management	1,219	750	1,969	20.0
	5,203	**16,512**	**21,715**	**5.6**

- **The DoF acknowledges that this will need to be achieved from a standing start**, 'The tPCT has not implemented any major cost savings plan. There would be large number of risks associated with delivering cost savings and achieving a financial breakeven. The major risks are in delivering cost savings programme.' (p9).

25 May 2006 (Finance Plan)

- I am surprised that the net surplus of £2.8m that has been reported (section 5) shows no movement from that predicted in the Finance Report to the March Board.

- Section 6 – The tPCT has offered £7.4m as a brokerage to the SHA. **There is no explanation of why this decision has been made. Indeed, the report assumes that the decision has already been made – should this not be a decision for the Board?**

25 May 2006 (Financial Savings Plan)

- The covering summary states that there is an additional cost pressure of £5.2m making a total savings requirement of £21.7m 'although measures are in place to manage this [£5.2m]. **There is no detail of these measures in this report.**

- Section 2 – 'There are further areas identified for savings of c£2-3m but these have not yet been planned for delivery'.

- Section 3 outlines the process followed for developing the savings plan but oral evidence offered so far is at odds with this.

- The savings proposed have not been assigned to individual EMT members.

- Section 9 – Nothing quantitative has been matched to the key risks identified.

- No contingency has been built in. I would expect the savings plan to be around £20m in order to deliver £16.5m (although this does not take into consideration the additional £5.2m that is mentioned above).

20 July 2006

- Section 2 – The statement 'the reduction in Commissioning for Market forces factor was £29m' to support the summary of the RRL is completely meaningless.

- Section 5 – states that the forecast is a £1.6m deficit, assuming all savings will be agreed. The table showing variances to date and forecast variances appears to be unrealistic and without any basis.

- Section 7 - the panel to review Continuing Care has **now** been established.

- Section 11 (ii) – it is stated that the tPCT is in process of identifying further savings of £2.5m but no detail is given as to who is responsible or where these will be sought from.

Delivery of the Savings Plan (presented at the July Board) Mike Hellier

- Section 5 – 'Following performance reviews at this stage all projects remain green for delivery of milestones. Many of the savings have already been achieved'. **The evidence that we have received shows that performance**

reviews did not take place and with hindsight we know that savings were not achieved.

- **Issue of lack of ownership of savings plan raised,** 'The Board should note that there is a major gap in communicating and engaging people in the savings plan, especially GPs and staff.'

28 September 2006

- Section 7 – Although it is stated that there is a panel in place to assess Continuing Care invoices, the report then goes on to state 'this would enhance the control....'. **Therefore, it is questionable whether this panel has been set up.**

- Attachment 2 (pg2) – The tPCT is forecasting a £4m deficit assuming savings/slippages/asset sales of £2m. **How does this reconcile with the £16.5m savings plan? This is also at odds with the summary at section 15 which states that the projected deficit is £9m.**

- A two page summary of the draft financial statements was presented **(06/089)**. This details that there was an increase of contingent liabilities from £3.7m to £6.9m. No explanation has been provided.

N.B. The minutes of the annual accounts sub-committee (11 September) state that 'Mahendra Patel reported that this [Note 18. to the financial statements: Contingencies] included all disputed continuing care and NHS amounts and that the auditors had requested that it be shown this way'.

- The Financial Savings Plan **(06/090)** states that the tPCT needs to develop a further recovery plan of £6m but there is no proposal as to who will be responsible or how this will be done. The report does not provide sufficient information to update the Board as to the achievement of the savings plan.

Mahendra Patel has now left. The following report has been produced by Indira Patel.

23 November 2006

- The summary OCS now shows the PCT is forecasting an overspend of £25m. The savings plan is £14m therefore leaving a net deficit of £11m.

- The OCS information is now presented in a more useful way by breaking down the main headings and therefore identifying where the most significant variances have originated.

- This is the first time that the FIMS return has been mentioned in the report to the Board. Section 4 states that a deficit of £10.9m has been reported to the SHA through the FIMS.

- The report does not indicate whether the savings plan of £14m is realistic or achievable.

Appendix 8:

Internal PCT correspondence and spreadsheets showing early awareness of and the details of a potentially large deficit in 2005/06. Correspondence from LB Brent, in October 2005, about the validity of invoices received from the PCT.

From: Indira Patel
Sent: 16 March 2006 17:27
To: Mahendra Patel
Subject: FW:

Mahendra
Position on commissioning as we know it(without cont care)
Not very good I'm afraid, but is in line with the month 10/8 projected position already shared with you

Indira

From: Antoinette Jones
Sent: 16 March 2006 15:02
To: Indira Patel
Subject: FW:

Indira
Based on our discussions yesterday, incorporated the whole of the Commissioning Budgets, though no figures for Continuing Care.
Some areas, you may want to review such as High Cost drugs, Non Contracted activity, cost per case Acute, all is based on current levels, but risky to predict what invoices may land on our desk, over the next couple of weeks. Commentary included for some areas.
The forecast for Elective PBR is included in the Main Sla section for some of the SLA's over the next week, I would be working with Nana(Temp Girl) hoping to unpick the and refine Trust data, and show separately the element of over/under performance on Pbr in the Section for all Trust.

Antoinette

From: Antoinette Jones
Sent: 15 March 2006 11:52
To: Indira Patel
Subject: RE:

Indira
Attached my estimate of the full year projected out-turn position for Sla's. Please note I had to include the £1.7m Alison referred to in her e-mail, not seen her to be able to discuss in more detail, as she is working from Home today.
No changes to our Northwest London position, as I know there are still discussions going on with regards to the charges for Mother and Babies, Excess Beds Days, and we may likely get some reductions, so I have left the current estimate at £1.5m over performance.
Antoinette

From: Indira Patel
Sent: 15 March 2006 08:19
To: Antoinette Jones
Subject: RE:

Thanks

From: Antoinette Jones
Sent: 14 March 2006 16:33
To: Indira Patel
Subject: RE:

Indira
Came in quite late from the SHA. This information would be ready by close of play tomorrow.

From: Indira Patel
Sent: 14 March 2006 13:15
To: Antoinette Jones
Subject:

Antoinette
Could you let me have the value of the under/ overperformance by provider as Andrew and Mahendra want to assess what we need to fund at out-turn for 0607

Thanks
Indira

Trust	SLA 2005/06	Year End (under)/Over Per	Final SLA Value 2005/06
	£000	£000	£000
CONSORTIA LED SERVICE LEVEL AGREEMENTS			
Brent Contribution to Pan London and Sector Purchasing Consortia			
Modernisation and Comm Directorate			
London Ambulance Service	7,218	0	7,218
LAS - Emergency bed Service	41	0	41
LAS-Agenda for change	68	56	124
NICU Consortium	1,959	138	2,097
Haemophilia Consortium	1,861	141	2,002
Bone Marrow N Essex	416	30	446
PICU Consortium	687	(34)	653
Clinical Genetics	274	0	274
HEMS Consortium	118	0	118
Ceredase Consortium	0	0	0
Specialist Services removed from OATS Camden PCT	271	5	276
Gender Dyshpohria	30	(27)	3
NW London Team	85	2	87
Neurosciences	0	0	0
Cardiology SAPFS	13	(7)	6
Paediatric BMT	66	0	66
Paediatric Oncology	1	0	1
Renal	3	0	3
Specitaised Cancer (Sarcoma)	1	(1)	(0)
Joint Working Directorate Consortia			
Mental Health Trusts			
Florence Nightingale Unit	383	139	522
Florence Nightingale Unit - Special Nursing Costs	125	0	125
Collingham Gardens - CAMHS Consortium	94	(7)	87
			0
Sexual Health			0
HIV/AIDS Treatment and Care Consortium	4,455	152	4,607
			0
Physical Disabled Services			0
Spinal Injuries Consortium	411	(34)	377
			0
TOTAL CONSORTIA LEAD SERVICE LEVEL AGREEMENTS	**18,580**	**553**	**19,133**
			0
OTHER HEALTHCARE SERVICES			0
Modernisation and Comm Directorate			0
Hospices - St Johns	109	(3)	107
Sexual Health Budgets			0
HIV/AIDS GUM Allocations (incl Substance Misuse)	4,820	90	4,910
Cost per Case - Community Provision	1,694	293	1,987
Minor budgets-Joint Working	2,122	184	2,307
OTHER HEALTH SERVICES	**8,746**	**566**	**9,311**
			0
TOTAL COMMISSIONED SERVICES	**213,921**	**8,304**	**222,225**

Trust	SLA 2005/06	I Year End (under)/Over Per	Final SLA Value 2005/06
	£000	£000	£000
North West London Hospitals Trust	70,088	1,676	71,764
St Mary's	20,293	600	20,893
Royal Free	5,693	544	6,237
Hammersmith & Queen Charlotte's	6,204	1,880	8,084
Royal Brompton & Harefield	1,286	328	1,614
Great Ormond Street	717	0	717
West Herts Hospitals	466	166	632
RNOH	759	168	927
Chelsea and Westminster	998	(88)	910
Barnet & Chase Farm	2,128	16	2,144
Ravenscourt Park -	702	195	897
Hillingdon	261	0	261
Ealing Hospitals	251	0	251
St George's Healthcare	222	37	259
Whittington	207	0	207
North Middlesex Hospital	112	8	120
West Middlesex	46	0	46
East & North Hertfordshire	845	111	956
Foundation Trusts			
UCH/Middx	3,022	83	3,105
Moorfields	1,117	10	1,127
Guys and Thomas	1,005	145	1,150
Guys IVF	327	0	327
Royal Marsden	361	0	361
Barts & the Royal London	318	92	410
King's Healthcare	349	10	359
Homerton	30	11	41
Primary and Community Care Services Providers			
Brent PCT Commissioned Services	33,732	0	33,732
Brent PCT Commissioned Services-Host Purchaser Memo 9	0	0	0
Barnet Healthcare (PCT)	834	0	834
NHS Direct - National Directed Service	680	0	680
NHS Direct - National Enhanced Service	210	0	210
Hammersmith and Fulham PCT - Commissioned Services	512	0	512
Camden Pct	58	0	58
Islington Pct	9	0	9
Joint Working Directorate SLAs			
Mental Health Trusts			
Central and North West London Mental Health Trust	27,804	0	27,804
CNWL - Pooled Budget with Social Services (net investment)	436	0	436
West London HC - Local Acute Service	351	0	351
C&I Mental Health and Social Care Trust	388	0	388
S London & Maudsley	60	0	60
West London HC - Cassel Unit Cost per Case	123	0	123
SW London & St George's Mental Health	24	0	24
Tavistock & Portman Clinics	23	0	23
LBB Pooled Budget for MH Management (CNWL)	(444)	0	(444)
Barnet, Enfield and Haringey MHT	126	339	465
Rehab/Physical Diabled Services			
Harrow PCT Commissioned Services	1,924	865	2,789
Kensington and Chelsea PCT Commissioned Services	849	101	950
Specialist Wheelchair Services - NWL	145	0	145
Other Joint Working Care groups			
Westminster PCT Commissioner Services	586	0	586
West Herts Partnership - LD Contract	234	0	234
West Herts Partnership - Children's services	122	(110)	12
TOTAL SERVICE LEVEL AGREEMENTS WITH TRUSTS	186,595	7,186	193,781

From: Mahendra Patel
Sent: 08 May 2006 14:40
To: Indira Patel
Subject: FW: Brent Pct I&E Position 05-06.xls

From: Mike McGowan
Sent: 08 May 2006 12:47
To: Mahendra Patel
Subject: Brent Pct I&E Position 05-06.xls

Updated 8-5-06 12.45pm

Brent Pct IE Position 05-06.xls

	Income	Expenditure	All in Total	Do	To take out Optional
Balance as at 2-5-06	(51,202,133)	430,761,418	379,559,285	379,559,285	
Capital expenditure		(2,316,444)	(2,316,444)	(2,316,444)	
Cost of capital		1,885,000	1,885,000	1,885,000	
Bad debts		0	0	0	
Unwinding of discount		0	0	0	
PEC costs LBB		7,312	7,312	7,312	
Audit fees		18,213	18,213	18,213	
Agency - bagsys		137,080	137,080	137,080	
Peps		172,000	172,000	172,000	
Prescribing		3,606,057	3,606,057	3,606,057	
Redundancy		203,736	203,736	203,736	
Premature Retirement		251,811	251,811	251,811	
LB of Brent		2,788,650	2,788,650		2,788,650
LB of Brent - adults		1,661,960	1,661,960		1,661,960
Continuing Care 05-06		3,414,687	3,414,687		3,414,687
Continuing Care 04-05		2,187,887	2,187,887		2,187,887
Continuing Care 03-04		274,942	274,942		274,942
Primary Care		359,711	359,711		359,711
Home oxygen		20,000	20,000	20,000	
H I V / AIDS		142,685	142,685		142,685
D A T / S M P		740,966	740,966		740,966
Provider		43,626	43,626		43,626
Sure start income / capital	(2,454,450)	(1,185,000)	(3,639,450)	(3,639,450)	
Commissioning / Joint Working		10,158,817	10,158,817	4,700,000	5,458,817
Pan London Amethyst project		174,220	174,220		174,220
NWL perinatal network		772,871	772,871		772,871
Diabetes capital		0	0		
Cluster board expenses		0	0		
NHS invoices not on system		0	0		
Total	**(53,656,583)**	**456,282,204**	**402,625,622**	**384,604,599**	**18,021,023**
Reveue Resource Limit			**380,427,000**	**380,427,000**	
Bottom Line Required			**(2,800,000)**	**(2,800,000)**	
Surplus / (Deficit)			**(24,998,622)**	**(6,977,599)**	

Brent Pct I&E Position 05-06

	Income	Expenditure	Total
Balance as at 2-5-06	(17,470,007)	397,097,351	379,627,344
Capital expenditure		(2,316,444)	(2,316,444)
Cost of capital		1,885,000	1,885,000
PEC costs LBB		7,312	7,312
Agency - bagsys		137,080	137,080
Peps		172,000	172,000
Prescribing		3,606,057	3,606,057
Redundancy		197,256	197,256
LB of Brent		2,788,650	2,788,650
LB of Brent - adults		1,661,960	1,661,960
Continuing Care 05-06		3,414,687	3,414,687
Continuing Care 04-05		2,187,887	2,187,887
Continuing Care 03-04		274,942	274,942
Primary Care		359,711	359,711
Home oxygen		20,000	20,000
H I V / AIDS		142,685	142,685
D A T / S M P		740,966	740,966
Provider		43,626	43,626
Sure start income / capital	(2,454,450)	(1,185,000)	(3,639,450)
Commissioning / Joint Working		10,158,817	10,158,817
Pan London Amethyst project		174,220	174,220
NWL perinatal network		772,871	772,871
Diabetes capital		0	0
Cluster board expenses		0	0
NHS invoices not on system		0	0
Total	**(19,924,457)**	**422,341,634**	**402,417,177**
Reveue Resource Limit			**380,427,000**
Bottom Line Required			**(2,800,000)**
Surplus / (Deficit)			**(24,790,177)**

djusted Balances 31 March 2006	Total	Paid up to Month 3	Other Expected Costs	Worst Case - having to pay	Total Costs	Accruals in 2005/06 Accounts		Amount Outstanding	Comments from Jill	Comments from Finance
'S & St Thomas Nhs Trust	86,046.00	86,046.00			86,046.00		-	86,046.00	Haven't seen this invoice is it PbR or non PbR ?	
erton University Hospital Nhs Found T	39,270.00	30,270.00			30,270.00	9,000.00	-	21,270.00	Haven't seen this invoice is it PbR or non PbR ?	
Hospitals Nhs Trust	114,163.00	72,163.00			72,163.00	42,000.00	-	30,163.00	Haven't seen this invoice is it PbR or non PbR ?	
et & Chase Farm Hospital Nhs Trust	24,353.00	24,353.00			24,353.00		-	24,353.00	Haven't seen this invoice is it PbR or non PbR ?	
nden & Islington Mental Health Trust	196,718.00		196,718.00		196,718.00		-	196,718.00	Outstanding issue for 12 months apparently (SK not sure how it will be resolved)	
ng Hospital Nhs Trust	26,000.00	26,000.00			26,000.00		-	26,000.00	Haven't seen this invoice is it PbR or non PbR ?	
Ormond St Hospital For Children Nhs T	507,213.00		507,213.00		507,213.00		-	507,213.00	Only invoice received this year can we challenge as they should have invoiced quarterly?	
th West London Hospitals (Nph) Total	907,432.00	557,593.00	450,000.00	400,000.00	1,407,593.00	199,000.00	-	1,208,593.00	Money to come back from this not sure of final figures	Final out-turn information - £2.3m less 450k + 400k re mat and neiss - more likley to loose on neiss
al National Orthopaedic Hospital Trust	124,459.00	124,459.00			124,459.00		-	124,459.00	Passed - PbR overperformance	
al Free	489,000.00	106,400.00	489,000.00		595,400.00	489,000.00	-	106,400.00	AP thinks its genuine	
Mary'S Nhs Trust	177,137.00		177,137.00		177,137.00		-	177,137.00	Haven't seen this invoice is it PbR or non PbR ?	In Payment Run waiting to be paid - already authorised
Hammersmith Hospitals Nhs Trust	3,585,779.00	1,826,287.00	1,826,287.00		3,652,574.00	1,698,000.00	-	1,954,574.00	Part of this is renal activity which has been deducted from the St Marys SLA line, the other looks genuine	
er Trusts	187,000.00	22,773.00		82,114.00	104,887.00	187,000.00		82,113.00	Haven't seen this invoice is it PbR or non PbR ?	Probability of .5 that the expenditure will have to be picked up
PCT	230,000.00			115,000.00	115,000.00		-	115,000.00	Don't know what this is neither does Samih	Not sure what this relates anything to do with provider recharges ??
row Pct Total	217,183.08			108,592.00	108,592.00		-	108,592.00	Don't know - Samih doesn't recognise either	Have a feeling relates to Management recharges and Harrow beds/ Probability of .5 that the expenditure will have to be picked up if we loose an arbitration
al Free Hampstead Nhs Trust Total	313,689.00				0.00		-	-	Long standing arbitration case they shouldn't have invoiced us	
versity College London Hospitals	470,706.00			235,353.00	235,353.00		-	235,353.00	this is part of the UCLH SLA they shouldn't have invoiced seperately	Probability of .5 that the expenditure will have to be picked up if we loose an arbitration
llocated Accruals					0.00	1,376,148.00		1,376,148.00		No back up available
al Invoices	7,696,146.08	2,876,344.00	3,646,355.00	941,059.00	7,463,758.00	4,000,148.00	-	3,463,610.00		
er Expenditure										
/ Consortium Cost	104,000.00	150,839.00			150,839.00		-	150,839.00		Notified by e-mail to accrue for 2005/06
ner Minor Budgets	92,530.00		-		0.00			-		
T Monies not Carried Forward	524,000.00		288,200.00		288,200.00		-	288,200.00		Stakeholders Funds that needed to be set aside - do not belong to PCT
uid Based Cytology	80,000.00		80,000.00		80,000.00		-	80,000.00		Ring Fenced Cost for Northwest London Sector
ciatist Commissioning	235,000.00		235,000.00		235,000.00		-	235,000.00		Notified by e-mail to accrue for 2005/06 - invoices are already in
ual Health Budgets	187,500.00		187,500.00		187,500.00		-	187,500.00		Ring fenced Chalymdia funding, on going programmes no future funding for 06/07
MHS- Service Improvement Budgets	241,000.00		241,000.00		241,000.00		-	241,000.00		Ring fenced resources, to meet on going cost, no more funding
tal Other	1,464,030.00	150,839.00	1,031,700.00	-	1,182,539.00	-	-	1,182,539.00		
Acute and Joint Working	9,160,176.08	3,027,183.00	4,678,055.00	941,059.00	8,646,297.00	4,000,148.00	-	4,646,149.00		

Adjusted Balances 31 March 2006		£ 000
Guy'S & St Thomas Nhs Trust	Overperformance	86
Homerton University Hospital Nhs Found Trust	Overperformance	39
Ucl Hospitals Nhs Trust	Overperformance	114
Barnet & Chase Farm Hospital Nhs Trust	Overperformance	24
Camden & Islington Mental Health Trust	Overperformance	197
Ealing Hospital Nhs Trust	Overperformance	26
Gt. Ormond St Hospital For Children Nhs Trust	Overperformance	507
North West London Hospitals (Nph) Total	Overperformance	907
Royal National Orthopaedic Hospital Trust	Overperformance	124
Royal Free	Overperformance	489
St. Mary'S Nhs Trust	Overperformance	177
The Hammersmith Hospitals Nhs Trust	Overperformance	3,586
Other Trusts	Overperformance	187
K&C PCT	SLA 2005-06 overspending	230
Harrow Pct Total	Con Care	217
Royal Free Hampstead Nhs Trust Total	EACC	314
University College London Hospitals	Royal London Homoeopathic	471
Provided in the accounts		-4,000
Toatl adjusted balances		**3,696**

what is this → remember in Nov 06 looking at this - credits put in against invoices not in the system!

- does not match 703K - that was the NHS Trust that went into the deficit.

From: Christabel.Shawcross@brent.gov.uk

Sent: 28 October 2005 12:26

To: Samih Kalakeche

Cc: Andrew Parker; gordon.fryer@brent.gov.uk; Lance.Douglas@brent.gov.uk; Lise Llewellyn

Subject: Re: Umbrella Agreement/Joint Commissioning Unit & Continuing Care Implications

I have looked into the £600k outstanding invoices. I need to check with you if the disputed invoices are the ones that Peter George,our finance lead, has been in discussion with your finance on for some time. I hope there are not any others !

He is waiting for more information/evidence from you as to the agreements that the cases are our responsibility.
I am concerned as Stephen Jones and I put a huge amount of time into resolving disputes prior to 2002. We then agreed how new cases should be validated by each partner.
I am not sure there is much point in you, me and Gordon meeting until PCT finance provides the information required?

We are keen to get this resolved speedily.

Thanks
Christabel Shawcross
Assistant Director - Community Care
Mahatma Gandhi House
34 Wembley Hill Road
Wembley
Middlesex HA9 8AD 0208 937 4230
christabel.shawcross@brent.gov.uk

Appendix 9:

Correspondence relating to the 2005/06 financial outturn involving Mr Patel and Mr Parker.

Brent NHS

Teaching Primary Care Trust
Working with our partners for a healthier Brent

Finance Directorate
Wembley Centre for Health & Care
116 Chaplin Road
Wembley
Middlesex
HA0 4UZ
Tel 020 8795 626482
Indira.Patel@brentpct.nhs.uk

PRIVATE & CONFIDENTIAL

15 May 2006

Mr Mahendra Patel
Director of Finance
Brent PCT

Dear Mahendra

In our meeting last Monday 8 May, I raised my concerns about the 2005/06 financial health of the PCT, as the year end process identified £18 million proposed expenditure over the Brent control total.

I continued to raise my concerns, as the invoices that had come through for acute commissioning were genuine costs and were likely to change due to the flexibility around the national SUS timetable.

You explained to me that you were obliged to deliver the £2.8 million surplus as projected to the SHA. You went on to explain that the 2004/05 accounts reflected £4 million NHS disputed invoices, and this would coincide with £5m NHS costs under commissioning that would not be included in the 2005/06 accounts but to be flagged up as being in dispute.

Later on that afternoon we both met with Andrew Parker, and we shared with him the year end position and he supported you, in that the tPCT needed to report the position as already stated and projected.

Since commencing the PCT, I have input into the Board reporting and have reflected the position for acute commissioning and reserves as I have known them, and it was not until month 06 did the PCT start receiving monitoring information that reflected large overspends. The trend since month 06 had been upward and this had been reflected in both month 08 and month 10 reports that you worked on before finalising for Board.

From: Andrew Parker
Sent: 24 May 2006 09:06
To: Jill Shattock; Indira Patel; Alison Partridge; Mike Hellier
Cc: Antoinette Jones; Mahendra Patel
Subject: RE: 0607 Commissioning Gap.xls

Can someone explain this to me. We have 3 million in the LDP, 2.2 in capacity and 5 million or so of savings at NWL. How can there still be a gap? Presumably only a gap if we really believe hat the projected 'overperformance' for year end is real and massive – I'm sceptical ?

From: Jill Shattock
Sent: 24 May 2006 08:34
To: Indira Patel; Alison Partridge; Andrew Parker; Mike Hellier
Cc: Antoinette Jones; Mahendra Patel
Subject: RE: 0607 Commissioning Gap.xls

Anyone any ideas ??

From: Indira Patel
Sent: 23 May 2006 16:51
To: Jill Shattock; Alison Partridge
Cc: Antoinette Jones; Mahendra Patel
Subject: 0607 Commissioning Gap.xls
Importance: High

Jill

Up date on commissioning resources against agreed/ proposed SLAs.

Please note we have a potential gap of £6.5m after taking into account LDP resources, I have highlighted the big ones. If we use the capacity reserve this comes down to £4.3m. We still need to find this resource internally.

The £5m we have taken out of NWLHT will go towards the saving programme. which is over and above the gap.

Indira

In terms of the year end accounts process, I am disappointed that I have not been included, as you have worked closely with both Mike McGowan and Manu Patel and have worked around me. I must be the only NHS deputy finance director in the country that has not been involved in the process.

Yours sincerely

Indira Patel
Deputy Director of Finance – Brent tPCT

Appendix 10:

Differing Operating Cost Statements considered by the EMT and the PCT Board in September 2006.

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Commissioning & Modernisation						
Directorate	364	265	-99	1,092	794	-298
Acute Services SLAs	41,676	39,932	-1,744	125,028	119,795	-5,233
Non Contracted Activity	332	499	167	996	1,496	500
Consortia SLAs	4,991	4,974	-17	14,973	14,923	-50
PCTs	12,444	12,444	0	37,332	37,333	1
Other SLAs	158	179	21	474	537	63
Other Non SLAs	1,155	1,155	0	3,465	3,466	1
Choose and Book	210	210	0	630	630	0
Savings Target	0	-1,072	-1,072	0	-3,217	-3,217
	61,330	58,586	-2,744	183,990	175,757	-8,233
Joint Working						
Directorate	233	165	-68	699	496	-203
Mental Health and Learning Disabilitie	9,934	9,979	45	29,802	29,938	136
Drug & Alcohol	1,333	1,337	4	3,999	4,012	13
Continuing Care	13,806	10,381	-3,425	31,572	31,144	-428
Consortia SLAs	2,661	2,661	0	7,983	7,983	0
HiV Aids	3,134	3,026	-108	9,402	9,077	-325
Others	2,545	2,545	-0	7,635	7,634	-1
Savings Target	-795	-962	-167	-2,386	-2,886	-500
	32,851	29,133	-3,718	88,706	87,398	-1,308
Public Health						
Directorate	306	286	-21	919	857	-62
Health Promotion	117	114	-3	351	341	-10
Health Action Zone	10	0	-10	30	0	-30
	433	399	-34	1,300	1,198	-102
Primary Care						
Directorate	110	16	-94	330	49	-281
FHS	348	348	-0	1,044	1,043	-1
Primary Care Development	3,318	3,152	-166	9,955	9,457	-498
GP Practices	11,212	11,076	-136	33,636	33,228	-408
GDS Practices	3,670	3,664	-6	11,010	10,991	-19
GP Prescribing	11,608	11,408	-200	34,824	34,225	-599
Prescribing & Reserves	875	1,075	200	2,624	3,224	600
Prescribing Savings Target	0		0	0		0
	31,141	30,739	-402	93,423	92,217	-1,206

Operating Cost Statement July 2006

Attachment 2 (Page 2/4)

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Provider Services						
Direct Intergrated Health Services	183	120	-63	549	361	-188
Interface Services Unit	4,897	4,078	-819	14,691	12,235	-2,456
LD Kingsbury	1,003	995	-8	3,009	2,984	-25
Northern Localities	1,555	1,378	-177	4,665	4,133	-532
Southern Localities	2,847	2,684	-163	8,541	8,053	-488
Specialist Services	977	908	-69	2,931	2,724	-207
Other Recharges	2,320	2,720	400	6,960	8,159	1,199
Income from Brent PCT	-12,270	-12,270	0	-36,810	-36,809	1
Income from Other SLAs	-625	-526	99	-1,875	-1,577	298
Misclianeous Income	-88	-88	0	-264	-263	1
Savings Target	-500	-508	-8	-1,500	-1,523	-23
	299	-508	-807	897	-1,523	-2,420
Corporate Services						
Chief Executive	178	175	-3	534	525	-9
Human Resources	200	200	0	600	601	1
Finance/Buying/Informatics	694	696	2	2,082	2,088	6
Nursing and Quality	332	320	-12	996	959	-37
	1,404	1,391	-13	4,212	4,173	-39
Total net operating cost	127,458	119,740	-7,718	372,528	359,220	-13,308
Technical Adjustments	0	-865	-865	0	-2,594	-2,594
Capacity Funds	0	0	0	0	0	0
Earmarked Funds	1,421	2,572	1,151	4,264	7,717	3,453
LDP Investment	773	1,202	429	2,320	3,606	1,286
Savings Target 2006/07	0	-4,837	-4,837	0	-14,510	-14,510
Savings Plan 2006/07	0	4,837	4,837	0	14,512	14,512
						0
						0
	2,195	2,910	716	6,584	8,731	2,147
Total Budgets	129,653	122,650	-7,002	379,112	367,951	-11,161
Total Revenue Resource Limit				367,953	367,953	0
Net Surplus / (deficit)				-11,159	2	-11,161
Potential slippages and savings						
Slippages/Unissued budgets						
Profit on the Sale of Willesden						
Savings						
Prior Year Creditor Flexibility						
				0		
Projected Surplus/(deficit)				-11,159		

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Primary Care GP Practices						
Wembley	2,197	2,152	-45	6,591	6,457	-134
Harlesden	2,188	2,167	-21	6,564	6,502	-62
Kilburn	2,732	2,684	-48	8,196	8,053	-143
Kingsbury	2,333	2,362	29	6,999	7,087	88
Willesden	1,762	1,710	-52	5,286	5,129	-157
	11,212	11,076	-136	33,636	33,228	-408
Primary Care (Prescribing)						
Wembley	2,526	2,503	-23	7,578	7,509	-69
Harlesden	1,901	1,877	-24	5,703	5,632	-71
Kilburn	2,717	2,703	-14	8,151	8,110	-41
Kingsbury	2,702	2,588	-114	8,106	7,764	-342
Willesden	1,762	1,737	-25	5,286	5,210	-76
	11,608	11,408	-200	34,824	34,225	-599
Primary Care GDS Practices						
Wembley	1,354	1,348	-6	4,062	4,044	-18
Harlesden	1,138	1,138	0	3,414	3,414	0
Kilburn	469	469	-0	1,407	1,406	-1
Kingsbury	300	300	0	900	901	1
Willesden	409	409	-0	1,227	1,226	-1
	3,670	3,664	-6	11,010	10,991	-19
Localites Total						
Wembley	6,077	6,003	-74	18,231	18,010	-221
Harlesden	5,227	5,183	-44	15,681	15,548	-133
Kilburn	5,918	5,856	-62	17,754	17,569	-185
Kingsbury	5,335	5,251	-84	16,005	15,752	-253
Willesden	3,933	3,855	-78	11,799	11,565	-234
	26,490	26,148	-342	79,470	78,444	-1,026

Operating Cost Statement July 2006

Attachment 2 (Page 4/4)

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Continuing Care						
Block Contract						
Children	0	0	0	0	0	0
Older people	0	0	0	0	0	0
Physical Disability	0	0	0	0	0	0
Learning Disability	1,820	1,820	-0	5,460	5,459	-1
Elderly Mental Illness	1,751	1,751	0	5,253	5,254	1
Adult Mental illness	470	470	0	1,410	1,411	1
	4,041	4,041	0	12,123	12,124	1
Spot						
Children	408	408	0	1,224	1,225	1
Older people	1,104	1,104	0	3,312	3,313	1
Physical Disability	935	935	0	2,805	2,805	0
Learning Disability	1,604	1,460	-144	4,812	4,380	-432
Elderly Mental Illness	210	210	-0	630	629	-1
Adult Mental illness	1,597	1,597	0	4,791	4,792	1
	5,858	5,715	-143	17,574	17,144	-430
Total						
Children	408	408	0	1,224	1,225	1
Older people	1,104	1,104	0	3,312	3,313	1
Physical Disability	935	935	0	2,805	2,805	0
Learning Disability	3,424	3,280	-144	10,272	9,839	-433
Elderly Mental Illness	1,961	1,961	0	5,883	5,883	0
Adult Mental illness	2,067	2,068	1	6,201	6,203	2
Savings Target	0	0	0	0	0	0
Free Nursing Care	625	625	0	1,875	1,876	1
	10,524	10,381	-143	31,572	31,144	-428

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Commissioning						
Acute						
Directorate	364	265	-99	1,092	794	-298
Acute Services SLAs	41,509	37,787	-3,722	121,027	116,578	-4,449
Non Contracted Activity	499	499	0	1,497	1,496	-1
Consortia SLAs	4,991	4,974	-17	14,973	14,923	-50
PCTs	12,444	12,444	0	37,332	37,333	1
Other SLAs	158	179	21	474	537	63
Other Non SLAs	1,155	1,155	0	3,465	3,466	1
Choose and Book	210	210	0	630	630	0
Savings Target	0	0	0	0	0	0
	61,330	57,513	-3,817	180,490	175,757	-4,733
Non Acute						
Directorate	233	165	-68	699	496	-203
Mental Health and Learning Disabilitie	9,934	9,979	45	29,802	29,938	136
Drug & Alcohol	1,333	1,337	4	3,999	4,012	13
Continuing Care	10,357	10,381	24	31,072	31,144	72
Consortia SLAs	2,661	2,661	0	7,983	7,983	0
HiV Aids	3,134	3,026	-108	9,402	9,077	-325
Others	2,545	2,545	0	7,635	7,634	-1
Savings Target	-795	-962	-167	-2,386	-2,886	-500
	29,402	29,133	-269	88,206	87,398	-808
Public Health						
Directorate	306	286	-21	919	857	-62
Health Promotion	117	114	-3	351	341	-10
Health Action Zone	10	0	-10	30	0	-30
	433	399	-34	1,300	1,198	-102
Primary Care						
Directorate	110	16	-94	330	49	-281
FHS	348	348	0	1,044	1,043	-1
Primary Care Development	3,318	3,152	-166	9,955	9,457	-498
GP Practices	11,212	11,076	-136	33,636	33,228	-408
GDS Practices	3,670	3,664	-6	11,010	10,991	-19
GP Prescribing	11,608	11,408	-200	34,225	34,225	0
Prescribing & Reserves	1,163	1,075	-88	3,489	3,224	-265
Prescribing Savings Target	0		0	0		0
	31,429	30,739	-690	93,689	92,217	-1,472

Operating Cost Statement July 2006

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Provider Services						
Direct Intergrated Health Services	183	120	-63	549	361	-188
Interface Services Unit	4,652	4,078	-574	13,956	13,035	-921
LD Kingsbury	1,003	995	-8	3,009	2,984	-25
Northern Localities	1,486	1,378	-108	4,458	4,133	-325
Southern Localities	2,713	2,684	-28	8,138	8,053	-85
Specialist Services	977	908	-69	2,931	2,724	-207
Other Recharges	2,320	2,720	400	6,960	7,359	399
Income from Brent PCT	-12,770	-12,777	-7	-38,310	-38,332	-22
Income from Other SLAs	-625	-526	99	-1,875	-1,577	298
Miscianeous Income	-88	-88	0	-264	-263	1
Savings Target	0	0	0	0	0	0
	-149	-508	-359	-447	-1,523	-1,076
Corporate Services						
Chief Executive	178	175	-3	534	525	-9
Human Resources	200	200	0	600	601	1
Finance/Buying/Informatics	694	696	2	2,082	2,088	6
Nursing and Quality	332	320	-12	996	959	-37
	1,404	1,391	-13	4,212	4,173	-39
Total net operating cost	123,850	118,668	-5,182	367,450	359,220	-8,230
Earmarked Funds	1,421	1,709	288	4,264	5,127	863
LDP Investment	773	1,202	429	2,320	3,606	1,286
						0
						0
	2,195	2,911	716	6,584	8,733	2,149
Total Budgets	126,044	121,579	-4,466	374,034	367,953	-6,081
Total Revenue Resource Limit				367,953	367,953	0
Net Surplus / (deficit)				-6,081	0	-6,081
Potential slippages and savings						
Savings				2,000		2,000
				2,000		2,000
Projected Surplus/(deficit)				-4,081		-4,081

Operating Cost Statement July 2006

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Primary Care GP Practices						
Wembley	2,197	2,152	-45	6,591	6,457	-134
Harlesden	2,188	2,167	-21	6,564	6,502	-62
Kilburn	2,732	2,684	-48	8,196	8,053	-143
Kingsbury	2,333	2,362	29	6,999	7,087	88
Willesden	1,762	1,710	-52	5,286	5,129	-157
	11,212	11,076	-136	33,636	33,228	-408
Primary Care (Prescribing)						
Wembley	2,526	2,503	-23	7,509	7,509	0
Harlesden	1,901	1,877	-24	5,632	5,632	0
Kilburn	2,717	2,703	-14	8,110	8,110	0
Kingsbury	2,702	2,588	-114	7,764	7,764	0
Willesden	1,762	1,737	-25	5,210	5,210	0
	11,608	11,408	-200	34,225	34,225	0
Primary Care GDS Practices						
Wembley	1,354	1,348	-6	4,062	4,044	-18
Harlesden	1,138	1,138	0	3,414	3,414	0
Kilburn	469	469	0	1,407	1,406	-1
Kingsbury	300	300	0	900	901	1
Willesden	409	409	0	1,227	1,226	-1
	3,670	3,664	-6	11,010	10,991	-19
Localites Total						
Wembley	6,077	6,003	-74	18,162	18,010	-152
Harlesden	5,227	5,183	-44	15,610	15,548	-62
Kilburn	5,918	5,856	-62	17,713	17,569	-144
Kingsbury	5,335	5,251	-84	15,663	15,752	89
Willesden	3,933	3,855	-78	11,723	11,565	-158
	26,490	26,148	-342	78,871	78,444	-427

Operating Cost Statement July 2006

	Actual YTD £ 000	Budget YTD £ 000	Variance YTD £ 000	Forecast 2006/07 £ 000	Budget 2006/07 £ 000	Forecast Variance £ 000
Continuing Care						
Block Contract						
Children	0	0	0	0	0	0
Older people	0	0	0	0	0	0
Physical Disability	0	0	0	0	0	0
Learning Disability	1,820	1,820	0	5,460	5,459	-1
Elderly Mental Illness	1,751	1,751	0	5,253	5,254	1
Adult Mental illness	470	470	0	1,410	1,411	1
	4,041	4,041	0	12,123	12,124	1
Spot						
Children	408	408	0	1,224	1,225	1
Older people	1,104	1,104	0	3,312	3,313	1
Physical Disability	935	935	0	2,805	2,805	0
Learning Disability	1,437	1,460	23	4,312	4,380	68
Elderly Mental Illness	210	210	0	630	629	-1
Adult Mental illness	1,597	1,597	0	4,791	4,792	1
	5,691	5,715	23	17,074	17,144	70
Total						
Children	408	408	0	1,224	1,225	1
Older people	1,104	1,104	0	3,312	3,313	1
Physical Disability	935	935	0	2,805	2,805	0
Learning Disability	3,257	3,280	22	9,772	9,839	67
Elderly Mental Illness	1,961	1,961	0	5,883	5,883	0
Adult Mental illness	2,067	2,068	1	6,201	6,203	2
Savings Target	0	0	0	0	0	0
Free Nursing Care	625	625	0	1,875	1,876	1
	10,357	10,381	24	31,072	31,144	72

Appendix 11:

A report prepared by Ms Patel for Mr Boucher relating to the 2004/05 Final Accounts about the Prescribing Expenditure Accrual.

Brent NHS

Teaching Primary Care Trust

Working with our partners for a healthier Brent

Finance Department
Wembley Centre for Health & Care
116 Chaplin Road
Wembley
HA0 4UZ

Tel: 020 8795 6482
Fax: 020 8795 6391

8 August 2005

Dear Charles

Adjustment to 2004/05 Accounts

Last week we were put in the position to adjust the accounts for the £3.2 million prescribing accrual. The Department of Health notified the Auditors that there was a validation error on the recently submitted accounts.

After taking the audit advice and considering the uncertainty around the whole issue of the prescribing accrual, the accounts were resubmitted correcting the validation error and excluding the £3.2million prescribing accrual.

I have attached a detailed brief that led up to this and reasons why the accrual was taken out.

Hope you have had any enjoyable holiday, and once back I will be happy to discuss the issues with you.

Yours sincerely

Indira Patel
Deputy Director of Finance

BRENT tPCT

Adjustment to the 2004/05 Accounts for the Prescribing Accrual

When completing the accounts the advice from the auditors was that Brent PCT needed to include an adjustment of £4.8m to account for the lag in prescribing costs. The £4.8m related to 10 weeks, as the PCT had always accounted for a 3 week lag, the advice was that 7 weeks needed to be accounted for, and this equated to £3.2m.

The £3.2m was treated as a prior period adjustment, and this resulted in the opening General Fund (brought forward from 03/04 accounts) being reduced by £3.2m.

On the 21 July Manu telephoned the DOH and spoke to Chris Steele to seek advice and confirmation of the treatment of the prescribing accrual. Chris confirmed the treatment as being acceptable.

Further to the above the accounts were sent on to Dipak Pandya on the 22 July with the £3.2m being treated as a prior period adjustment. Dipak then sent the accounts onto the DOH.

On 1 August Dipak forwards an email to Manu from Robin Beeby at the DOH dated 27 July, Mahendra had also been copied in, but the email was never received this end. The email points out that the treatment of the prescribing accrual in the ASFs appears to be contrary to the guidance in the PCT Manual for Accounts, as it should be completed as an in year transaction not as a prior period adjustment, as under resource accounting and budgeting it is immaterial whether a prior period adjustment is performed or expenditure is treated as in year, as the hit to resources is counted as occurring in the current year. Robin asks for Dipak's views on the appropriateness of the treatment of the prescribing accrual in the ASFs and for the re-submission of the ASFs and the relevant paperwork.

The fact that we changed the brought forward general fund by £3.2m meant that there was a validation error on the opening balance, as it did not match the closing 03/04 balance.

The following day I telephone Dipak, explaining why the ASFS should not be changed as there would an impact on the final PCT position. Dipak advises he would speak to Robin Beeby at the DOH to see if there was any way around the issue.

4 August Manu receives a call from Amanda Cant from NWL SHA who advises that Brent should change the accounts and reflect the £3.2m correctly.

Following this I speak to Mel Shipton at NWL SHA, who continues to advise that we change the accounts to correct the error and show the £3.2m as an in

year expense. Mel further advises that this adjustment would hit the PCT in 2006/07, as the 1st draft of accounts submitted on the 13 May would be used to inform the DOH of the carried forward PCT balance for 2005/06.

I brief Lise Llewellyn by telephone, of the position that PCT may find itself if we have to make changes to the accounts.

Dipak meets with both Manu and myself and advises that the general fund should be re-stated by £3.2m and that creditors would be reduced by this amount and this would eliminate the validation error on the ASFs, and the bottom line would not change.

Both Manu and myself question the impact on the PCT, if we take the £3.2m out surely this would come back to visit us in 2005/06. Dipak's response was that Brent had used actual costs rather than cash advances and that the PCT was not at risk and our prescribing trend is consistent compared to other PCTs.

At this stage I got a little heated, pointing out we had followed guidance from the auditors (including Dipak) on the treatment of the £3.2m and as to why it was to be accounted for. Dipak continued to give the same advice as above.

The meeting continued with Lise present, and Dipak re-iterated that the PCT was using the correct methodology in using actual prescribing costs rather than cash advances. I pointed out that if this was re-visited upon us in 2005/06 we would not be able to carry a cost so large due to our existing financial constraints.

Due to the uncertainty around the 10 week accrual and the fact that we used the correct methodology, it was agreed that we would correct the accounts and leave the £3.2m out. However Lise would contact Peter Donnely at the SHA and discuss that if this does come back to revisit us, we would have to come to an arrangement, whereby the cost would have to be phased over a number of years, and for 2005/06 this would resulting in us not making a £1 million contribution to the sector-wide position.

Manu adjusted the accounts and Lise signed off the adjusted copies.

Later that day Amanda Cant contacts Manu to find out what the outcome was with the auditors. Manu advises that we left out the £3.2m as a prior period adjustment due to us using actual figures rather cash advances and that our methodology was consistent. Amanda appeared to be happy with the news as it would not affect the SHA control total.

Indira Patel
Deputy Director of Finance
8 August 2005

Appendix 12:

Distillation of the headline figures within the FIMS returns for 2005/06 and 2006/07.

Brent PCT - FIMS 2006/07
As reported to NHS London

	Plan	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M11+	M12	Accounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Outturn	0	No return		-3,231	0	0	-3,500	-10,900	-8,964	-17,600	-20,300	-20,300	-22,270	-23993	
YTD Outturn	N/A	No return		-2,300	-3,004	-2,936	-3,320	-8,530	-15,128	-20,897	-20,300	-20,300	-26,551	-23993	
Cost Improvements															
Identified	9240	No return		16,440	12,514	9,240	9,240	14,152	10,900	10,900	9,200	9,200	9,200	12412	
Unidentified	0	No return		0	0	0	0	0	3,300	3,300	0	0	0	0	
YTD Actual CIPs	N/A	No return		1,681	2,508	1,740	2,749	4,642	2,200	3,284	6,073	8,700	8,700	12412	
Commentary					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Notes				1	2		4								3

Notes
1 Planned CIPs chganged to £16.512m
2 Planned CIPs changed to £12.508m
3 2006/07 audited accounts not available
4 Planned CIPs now back to £9.24m

Brent PCT - FIMS 2005/06

As reported to NHS London - Mths 3 - 12

	Plan	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 11+	Mth 12	Final Accounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Outturn	1,000	No Return		0	0	1,000	1,400	1,957	1,957	1,957	1,957	2,800	2,800	2,800	430
YTD Outturn	N/A	No Return													
Cost Improvement Plans															
Identified	2,500	No Return		3,466	3,216	3,216	3,216	3,246	3,496	3,496	3,496	3,496	3,496	2,550	
Unidentified	500	No Return		344	1,594	1,594	1,594	1,554	1,314	1,314	0	0	0	0	
YTD Actual CIPs	N/A	No Return		0	250	250	375	1,488	1,700	1,913	2,125	2,337	2,337	2,550	
Commentary				Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

nb1. YTD Outturn not reported in 05/06

nb2. Plan changed to £1m from break even in month 5

nb3. Forecast Outturn positions are surpluses

Appendix 13:

Correspondence relating to the Month 7 FIMS for 2006/07.

From: Andrew Parker

Sent: 08 November 2006 09:02

To: Indira Patel; Jill Shattock; Bashir Arif; Samih Kalakeche

Cc: KPMG Turn Around Team; Mike Hellier

Importance: High

Dear All

We have to make the FIMs return today, to predict a year end position based on month 7. As you know, the HA are particularly interested in this return and we need to make a considered return based on the KPMG and other work undertaken. We need to neither overestimate not underestimate the problem

My view to date is that the 15m'gap' that has been shared informally with the HA and ourselves is overstaed. My assumptions are as follows:

Savings: Assumed in year savings have increased from 11 m to 12 m

Forecast outturn:

Provider – following Mikes meeting with Bashir and team, taking into account in particular the reductions now shown in the pay tracker, the end year forecast improves by 400k

Joint Working – following Mikes discussion with Samih, and looking hard across all areas but in particular Childrens services, the end year forecast has improved by 400k

Acute Commissioning – Following conversations between Jill and Don, it is clear that NWLHT assumed position is 1.5 million for Q1 & 2, whereas Jill existing assumed equivalent position is 3.5 over – a difference of 2 million. I suggest we split the difference and assume a 2.5 million over i.e 1 million less than current forecast for period to Q2 and ,say, 1.5 million less for year end forecast outturn. Jill will also be discussing with other main providers to asses their assumed forecast position and assume a further 0.5 million forecast improvement.

Financial adjustments

Indira has identified 6 m of in year impact of financial adjustments, 4.3 relating to 'underaccrual' on NHS invoices. This was discussed at the audit committee on Monday and the external audit view is that there is unsufficient evidence to support this view at the current time. We have now tasked internal audit to undertake work on this, but in the meantime I have conflicting opinions over whether this will become a liability. Hence I suggest hat the 6 million be reduced to 3 million pending the completion of this work.

The net impact of all of this is that the 15 million gap reduces to 8.7 million and I suggest that is the sum we work towards reflecting in the FIMs return today. My view is that the HA will be significantly dismayed by this, however that it will be based on credible assumptions at this point in time

Indira, can I suggest that you prepare this return, sharing with Mike and I before it is submitted

Thanks

Andrew

NHS
London

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VIA EMAIL

Date: 7 November 2006

Andrew Parker
Chief Executive
Brent PCT
Wembley Centre for Health & Care
116 Chaplin Road
Wembley
Middlesex HA0 4UZ

Dear Andrew

Financial Position 2006/07

Further to our meeting on 31st October I am writing to confirm the issues discussed and actions agreed.

1. You outlined the current financial forecast for 2006/07 as follows:

	£m
Financial adjustment pressures	9.7
Overspend pressures	16.2
Total deficit	25.9
Less robust/low risk savings	(9)
Further Anticipated savings	(5.9 to 3.9)*
Forecast outturn deficit	11 to 13

*work in progress

This represents a significant deterioration from the previously reported position of risks/deficit of up to £6m and your M6 forecast outturn reported to the SHA of £3.5m.

2. Financial adjustment pressures include a number of areas requiring further work:

- Technical Adjustments around allocations - £1.3m. Indira to itemise these and discuss them with Melanie Shipton to confirm their validity.

- Under Accruals (£4.7m). There was a lengthy discussion around these items which relate in the main to invoices received in 2006/07 for which no accruals had been made across a number of areas of commissioning including acute, continuing care and specialist commissioning and also to some contingent liabilities which have crystallised. This is a matter of concern as the 2005/06 accounts have been signed off. The PCT have asked their auditors, Price Waterhouse Coopers, to review the details of these items and take a view as to their validity. I asked that this be done as a matter of urgency in order that a confirmed position can be included in the Month 7 position due to be reported to NHS London on 8th November.

3. Prior Year items (£1.8m). This relates mainly to non recurrent resources and income received in 2005/06 for which the spend was deferred but not accrued. The PCT are reviewing these items to confirm if there is any scope for further deferral of these or alternative projects.

London

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VIA EMAIL

4. The PCT are still reviewing the pressures to date and there is more work to do to clarify the Q1 activity position. I emphasised that the PCT needs to be proactive and challenging in resolving queries with trusts and that a realistic position needs to be incorporated in the next update.

5. The savings programme is still being reviewed and updated and this also needs to be progressed.

6. The PCT have appointed an Interim Finance Director and have interviewed for a Turnaround Director and are hoping to appoint shortly.

7. Michael emphasised that the PCT needs to ensure that when the work currently being undertaken by KPMG is handed over to the new Turnaround Director, the handover takes place in such a way as to give the Turnaround Director the best possible opportunity to succeed.

8. I confirmed that in view of the size of the potential deficit the PCT Chair and Chief Executive are likely to need to meet with Ruth Carnall and George Greener. Meanwhile if there is anything further you would like to discuss please do not hesitate to contact me.

A follow-up meeting with Terry and myself is being arranged.

Yours sincerely

Jonathan Wise
Interim Director of Finance

cc. Helen Hunter
Michael Lunn
Terry Hanafin
Jim McAuliffe

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Jonathan Wise - Interim Director of Finance
NHS London
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8 November 2006

Dear Jonathan

Financial Recovery 2006/07

Further to your letter of 25th October, please find attached our month 7 FIMS return. You will recall that at our meeting last week, we tabled an assessment of the potential outturn position as a consequence of the turnaround process. The KPMG process at that time indicated that the position could be up to a £15 million forecast year end deficit position. The main causes of the dramatic difference from previous month reporting of £3.5 million deficit relates to underlying financial adjustments that Indira has brought to my attention since Mahendra left, worsening end year forecast outturn projections and risk assessments applied to our savings assumptions. Having undertaken further work since we met, the FIMs for months 7 now projects a year end deficit position of -8.5 million.

The improvements from when we met last time are revised forecasts for outturn, improved risk assessment associated with the savings and revised assumptions regarding the financial adjustments. I have to state at this point, that judgements have been applied at this point and there still remain some uncertainties regarding the financial adjustments. Having been provided with an opinion by our external auditors, I now have internal audit undertaking further checks and of course Anna Anderson starts with us next week who will be able to take a considered view.

Our Turnaround plan is in its final stages, and we now have an external Turnaround Director, Phil Church, in situ – to ensure there is no dip in priority given to our year end position with the KPMG process drawing to a close. I suggest that when we next

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Jonathan Wise - Interim Director of Finance
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W1T 7HA

13 November 2006

Dear Jonathan

I am writing to follow up on our discussion this morning, 13 November, together with Jim McAuliffe and Phil Church.

We discussed the assumptions the tPCT had made in preparing the FIMS return referred to in my letter of 8 November. Essentially, from the £15 million gap position contained in the schedule prepared and tabled by Paul Brice at our meeting on 31 October, there have been certain adjustments based on changed assessments since that time.

Firstly, the Risk Assessed Savings Plan has increased by £3.2 million from £11 million to £14.2 million. Secondly, the forecast outturn position has improved by £0.8 million. Thirdly, the £5 million 'one off' pressures remained but were still subject to further review. At the time of the return on 8 November, I judged that the return should assume a 50% liability for these pressures in discussion with my Chair and Audit Chair, and an end-year deficit position of -£8.5 million was returned.

Mindful of your advice this morning, I have reviewed this return with Phil, Charles and Jean and in principle again with KPMG and am now returning a revised FIMS return indicating a full year deficit position of -£10.9 million. We have assumed that this increase in deficit is a one-off adjustment to prior year invoices brought forward and now payable and have reflected that additional cost in month 8. This is consistent with the turnaround plan we discussed this morning.

meet, together with Phil and Anna, that we go through the detail of this and discuss the process through to the month 8 FIMS.

I am meeting with Michael Lunn tomorrow morning, and will forward our Final Draft turnaround plan by the end of this week which will need further refinement but at this stage shows further recovery opportunities for this year and the next.

I am aware that this is not a happy position to have to present at this stage in the year, nonetheless I believe that a significant part of the solution lies in recognising the problem. I am sure we will discuss further.

For your information, Jean Gaffin - PCT Chair has contacted George Greener to suggest that she and I meet with him and Ruth Carnell to discuss.

Yours sincerely

Andrew Parker
Acting Chief Executive

We agreed that another meeting would be arranged, to include Phil Church and Anna Anderson, the new Interim Director of Finance, in two weeks, following the completion of the internal audit work.

Please contact me if you have any queries.

Yours sincerely

Andrew Parker
Acting Chief Executive

Appendix 14:

Briefing Paper for PCT Board Members in preparation for the November 2006 Board-to-Board meeting about the Savings Plan.

Financial Savings Plan – Board to Board Briefing

Where did our savings target come from

The PCT identified a need to save £16.5m in the March Board Paper.

This was broken down as:

Provider shortfall of income and efficiency	£2000k
Management cost reduction required	£750k
Budget gap against plan	£13750k
Total	£16500k

Another way of explaining this was:

Loan to the NHS	£11.2m
Purchaser parity adjustment on acute contracts	£4.5m

However, at the Board to Board this explanation will carry very little weight and bringing it up may be counterproductive.

The Board signed off the the savings plan in May to deliver the £16.5m.

Mike Hellier was appointed for six months as Project Director for Business Improvement and arrived at the end of May to support the delivery of the savings plan.

After risk assessment of this savings plan further savings of £2.9m were agreed at the July Board and £2.7m in September in order to provide contingency against the risks (see below).

At the end of August the PCT was required to deliver a further £2.7m bringing the total savings required to **£19.2m**

Performance Management and Controls

In pursuit of the savings, the move from a development culture to a performance culture was initiated. This includes:

- CE to Director reviews of financial performance and delivery of the savings plan began in July
- Controls on vacancies, agency & bank and continuing care have been tightened, no sandwiches, prices up in the Dome restaurant, prices up in the staff nursery, stall gym facilities closed.

Risk Assessment

In August the PCT reviewed its savings plan and risk assessed it.

Workstream	Original Plan	Risk Assessed Plan	Gap
Mental Health	£1.5m	£1.5m	
Continuing Care	£1m	£0.5m	£0.5m
Other SLAs	£0.8m	£0.8m	
Demand Management	£7.2m	£2.5m	£4.7m
Provider Management	£1.6m	£1.3m	£0.3m
Estates Review	£1.9m	£1.9m	
Prescribing	£1.7m	£2.0m	(£0.3m)
Management Costs	£0.8m	£0.8m	
Subtotal	£16.5m	£11.3m	£5.2m
July Board agreed extra savings	£2.9m	£2.0m — PFI gain referred	
Net	£16.5m	£13.3m	£3.2m
SHA advised extra savings 24th August	£2.7m	£2.7m	
Total	£19.2m	£16.0m	£3.2m

The PCT needed to develop a further recovery plan of at least **£6m** to cover the high risk of not delivering all the savings at this stage.

Turnaround

Given the degree of risk, the PCT took advice from the Turnaround, the Performance and the Finance Directors for London SHA and the MD for North West London in early September.

In was jointly agreed that the PCT would benefit from Phase 1 of external Turnaround resource, which would further test the robustness of the current plan and recovery plans and recommend further action on recovery. After consultation with the Board, the PCT appointed KPMG to deliver this work, they began on 29th September and have worked with the PCT to produce a Turnaround Plan on 10th November 2006.

This will be received by the Board on 23rd November.

Turnaround Plan in Outline

The current savings plan has been further risk assessed and with new schemes about £11m to £15m are likely to be acheved. In 2006/07. This is a

significant step for a PCT that has not had to deliver savings of this magnitude, but still leaves the PCT short of savings for 2006/07.

There are also significant new schemes to improve the position for 2007/08.

However, the size of the task has risen significantly due to:

- One off technical issues
- Cost pressures rising

The combined effect of these could worsen the position by £10m for 2006/07.

Delivery of the Turnaround Plan and Improved Controls

An interim Finance Director and an interim Turnaround Director have been appointed to drive through the delivery and controls necessary to maximise our chances of success.

Appendix 15:

Notes of two EMT meetings in February 2006 and consideration of financial issues.

EMT meeting held on 20 February 2006
NOTES

Circulation: Andrew Parker, Bashir Arif, Patricia Atkinson, Paul Beal, Samih Kalakeche, Mahendra Patel, M C Patel, Jill Shattock, Judith Stanton, Caroline McGuane, Jan Procter

No.	Detail	Action
1	**Notes of the last meeting** ➢ **Notes of previous meeting** – *Childhood Obesity* – Judith Stanton clarified that parents could request height and weight, but that this was never converted to BMI. *Vulnerable Adults Lead* - discussion was still required between Patricia Atkinson and Samih Kalakeche on overall lead for this. *PBC* – Andrew Parker reported on latest discussions with Ethie Kong. *Informatics* – Mahendra Patel has suggested brainstorming between relevant interested parties to identify what is required. Jill Shattock gave details of the issue as she understood it from June Farquharson's perspective. It was agreed that a small user group would be a helpful way forward. Bashir Arif undertook to pick this up with June Farquharson. Mahendra Patel noted that he had a meeting with Andrew Scheiner that afternoon, if June Farquharson was able to join them. *QOF* – Jill Shattock reported that Sena Shah was undertaking much of the work himself. It was suggested that this would be picked up in more detail at the next meeting. *Expert Users* – Bashir Arif noted that he would pick this up with Andrew Scheiner. ➢ **Developing a BME Network in Brent** – there was some discussion on ethnic mix for the network and it was agreed that it was for the BME network to scope the ethnic mix of the membership, and for the EMT to make the final decision. ➢ **January Board meeting – action notes** – *Kingsbury* – Bashir Arif reported on the latest position and highlighted that he felt that new buildings should be the first priority. He had arranged a meeting with George Crane, Tony Raymond, Geoff Easton and Leo Bedford for later in the week to pursue this. Mahendra Patel raised the issue of the £1 million he was holding in this respect, and said that he would be obliged to release this to the StHA if it was not used straightaway. Andrew Parker confirmed the necessity of Mahendra Patel doing this. *NCRS* – meeting of subgroup scheduled for 9 a.m. on 23 February (prior to joint seminar). *MATS* – Andrew Parker reported on a conversation with Mary Wells and believed that the tPCT	Patricia Atkinson and Samih Kalakeche to discuss Bashir Arif to liaise with June Farquharson. Small user group to be set up including Andrew Scheiner and June Farquharson Jill Shattock to bring back. Bashir Arif to pick up with Andrew Scheiner

	should assume that NWLH would no longer provide services at MATS from the end of June. The tPCT now needed to think about which services it could provide there. The possibilities of consultation and the need for tender were discussed, and it was believed that the former might not be necessary, but the latter probably would be. Samih Kalakeche highlighted the importance of linking this into the POPP. *Patients' Survey* – Patricia Atkinson noted that this would be different this year, as contact would be with diabetics. She noted that the tPCT was responsible for appointing a survey contract, and therefore suggested that Judith Lockhart led on this with help from Leena and Jane. The timetable for this was very tight. ➢ **EMT awayday** – *Scoping template* - Andrew Parker said he would take this forward so that work could start on the "top 2s". *SMT* – Judith Stanton asked that Ricky Banarsee, Marco Inzani, Jackie Collins, Simon Bowen and David Lawrence be the representatives from Public Health. *Locality visits* – Jan Procter to check the position with Caroline McGuane and Paul Beal. ➢ **Hatch End Triathlon** – noted that it was scheduled for Sunday (not Monday) 21 May. Judith Stanton noted that there was room for more members on the team.	Jan Procter to follow up with Caroline McGuane and Paul Beal.
2.	**Chief Executives' Bulletins** **Issue 304** ➢ *Changes to routine childhood immunisation programme* – Judith Stanton noted that she had e-mailed several people about this, but she had not yet had a reply. She understood that Carol McCalla was the lead. She highlighted the need to organise this. Bashir Arif undertook to check who was the lead and follow this up. **Issue 305** ➢ *Integrated Governance Handbook* – Mahendra Patel to pick this up. ➢ *Local Safeguarding Children Boards* – Judith Stanton flagged up the potential financial implications of this.	Bashir Arif to check lead and follow up Mahendra Patel to pick up
3.	**Finance** Mahendra Patel tabled three papers. The first was about to be discussed at the SHA board meeting, and noted the reference to the 3% sector-wide reserve. The second was a paper containing the first cut at a new financial plan for the tPCT for 2006/7 in response to the recent financial developments, which had been submitted to the SHA at the end of the previous week. Mahendra Patel described this in some detail. The third was a table of London PCT planning assumptions for 2006/7 which had also just recently been sent out, completed and submitted to the SHA. Mahendra Patel also noted that the SHA had issued a further template at the end of the previous week, because they had wished to look at inflation in more detail. He asked that if the SHA did require a 3% reserve, any discussions on inflation be held in abeyance for a while.	

	Samih Kalakeche noted, re continuing care, that a letter had already gone out from the sector saying that inflation would be 2%. Andrew Parker spoke of the impact of both 1% and 3% top slices, but it appeared at this stage that it was likely to be 3%. Mahendra Patel noted that 1:1 meetings would be arranged with Directors to discuss implications for them as budget holders. Andrew Parker also explained what had happened the previous week around the purchaser parity shortfall and the impact of this. Mahendra Patel noted that it would not be possible to make any financial commitments until the Board meeting in March, though there was an opportunity to discuss this further with Board and PEC members at the joint seminar on 23 February.	
4.	**Team Brief** The report was discussed and Andrew Parker asked Directors to pick up any action points and feed back any additional information to their own teams. Mahendra Patel noted the reference to the Sure Start unfunded posts and believed that there should not be any, as the tPCT was only an agent for Sure Start. Bashir Arif agreed to look into this.	Directors to pick up action points/feed back to teams Bashir Arif to look into Sure Start unfunded posts.
5.	**Willesden** Jane Lindo and Ingrid Clarke tabled a paper, which built on the previous paper submitted to the EMT. They highlighted the risks to the new model of care, particularly issues around therapists and the availability of community services. They then detailed the options for the delivery of the new model of care, and, with reference to option 3, noted that the transfer of patients from NPH had already started. Samih Kalakeche gave details of work looking at issues and the use of rehabilitation beds at NPH. The options were discussed and it was agreed that 1 was not possible. The impact of 2 and 3 were considered. It was felt that option 3 was the best, but that this did need an appendix with details of the potential impact, and Samih Kalakeche and Jill Shattock agreed to discuss this further. The financial aspects were discussed, and in particularly whether the Harrow SLA was being monitored, and the possibility of being charged twice by Harrow and NPH. Samih Kalakeche gave details of arrangements in place at present. It was agreed that work should go ahead on option 3, but that financial analysis was critical. It was also necessary to ensure that sufficient capacity was available at Willesden. It was agreed that this would be brought back to the next EMT meeting.	Samih Kalakeche and Jill Shattock to discuss further To be brought back to EMT on 27 February
6.	**ICES** Samih Kalakeche explained the paper and noted that very tight procedure for provision of equipment were now in place. However, this had not formerly been the case. He recommended moving ahead with option 2 and explained the reasons for this. Andrew Parker highlighted the need for financial mapping for this also. Mahendra Patel also highlighted the need to ensure vfm. Samih Kalakeche noted that a paper would be brought to the tPCT Board about tendering out and explained the arrangements that were being put into place for monitoring. Andrew Parker asked	

	that this be blended into what was being brought back the following week, but that issues of vfm, the possibility of purchasing, affordability etc. be looked at closely. Mahendra Patel also highlighted the need to address risk management issues. Samih Kalakeche agreed to bring back an escalation plan.	Samih Kalakeche to bring back further report and escalation plan
7.	**Young UK NHS Trust of the Year** The applications were discussed in detail. It was agreed that the quality of the candidates was high, and that Yashoda Patel and Aileen Reidy should be selected to represent the tPCT.	Andrew Parker/Jan Procter to take forward
8.	**Invest to Save Proposal for Capacity Building Worker** Samih Kalakeche described the paper and highlighted the financial aspect. Andrew Parker agreed the need to move from grants to SLAs, and that it would be helpful to have a role within commissioning to undertake this work. Judith Stanton noted that commitments had been made to different fora. After some discussion it was agreed that this post would go ahead, and hoped that it would be possible to "save" more than the total "invested". It was also agreed that the post would sit within Samih Kalakeche's team. It was noted that this would in effect replace a vacant post, and Andrew Parker undertook to pick up this aspect.	Proposal agreed. Post to sit within Samih Kalakeche's team commissioning. Andrew Parker to pick up issue re vacant post
9.	**Practice Mergers** Bashir Arif gave details of 2 practices, one within Willesden and one within Harlesden, who wished to come together and merge. Both were quite substantive practices. Bashir Arif reported on a discussion with Fay Wilson, and the view of the LMC was that this could go ahead. It was agreed that they should get support from their respective clusters, following which they could go ahead with the mergers. *Andrew Parker left at this point and Bashir Arif assumed the Chair.*	Agreed with proviso that they seek support from respective clusters
10.	**Campbell House** Samih Kalakeche reported on the latest position, and noted that there had been considerable investment in this initiative by the SHA. He highlighted that the site was the tPCT's but the business plan was joint between Westminster and Brent. Discussion ensued on the potential risks for the tPCT, and Mahendra Patel highlighted the need to ensure that these were managed. Various ways forward were discussed and it was suggested that it would be helpful to find an alternative site if possible, because of the financial risk to the tPCT. Samih Kalakeche and Bashir Arif agreed to discuss this further outside the meeting. The possibility was also suggested of using Kingsbury.	Samih Kalakeche and Bashir Arif to discuss further
11	**HR Update** Jan Procter passed on a message from Paul Beal about Agenda for Change.	
12	**The future role of LSPs** Judith Stanton tabled a paper which she believed was fairly self-explanatory.	

13	**Any other business** ➢ **On call rota** – Judith Stanton noted that she had problems for the coming weekend, and Samih Kalakeche undertook to stand in for her.	Samih Kalakeche to stand in for Judith Stanton 'on call' weekend of 25/26 Feb.
14	**Ward in the community + On-call rota** It was agreed that these items would be rolled forward to the following week.	Jan Procter to note for rolling programme

EMT meeting held on 27 February 2006
NOTES

Circulation: Andrew Parker, Bashir Arif, Patricia Atkinson, Paul Beal (apols), Samih Kalakeche, Mahendra Patel, M C Patel (apols), Jill Shattock, Judith Stanton, Caroline McGuane, Jan Procter, Jane Busby (for PB)

No.	Detail	Action
1	**Notes of the last meeting** ➢ **Vulnerable Adults** – it was noted that Ingrid Clarke was the overall lead. ➢ **PBC in Harlesden** – Andrew Parker tabled copies of a letter from Ethie with details of a proposed Harness GP Primary Care Co-operative for Harlesden. The issue of PCT support was discussed. Bashir Arif explained the administrative support structure planned for the clusters now. He added that it they wished to appoint a particular member of tPCT staff, and s/he wished to join them, that was acceptable. After discussion, the proposal was supported overall. Mahendra Patel highlighted the need to ensure clarity around the SLA that was put into place, especially around the issues of over and under-spend. ➢ **LIFT: Kingsbury** – Bashir Arif reported on a useful meeting with George Crane, Tony Raymond, Geoff Easton and others. He understood that they were now endeavouring to resolve this issue by the end of March. ➢ **QOF** – Jill Shattock noted that she had circulated an update from Sena. She gave additional detail and understood that it would definitely be possible to do 20 visits, though there were issues around organising the remaining 5. ➢ **Informatics/BECaD** – Mahendra Patel and Bashir Arif reported on a useful meeting with Andrew Parker and June Farquharson and believed that the issues now appeared to be resolved. ➢ **EMT awayday**: locality visits – Caroline McGuane noted that a report would be brought to the next meeting of the EMT. ➢ **Chief Executives' Bulletin**: *childhood immunisations* - Bashir Arif reported that the lead was Carole McCalla. Judith Stanton understood that implementation was an issue for the provider services, and noted that she was still monitoring this, and have put a lot of effort into	Overall, the proposal was supported. Caroline McGuane to bring report to 6 March EMT meeting

	establishing the systems. Bashir Arif understood that Public Health was the overall lead, and agreed that implementation should be picked up by the provider services. It was agreed that Judith Stanton and Bashir Arif should discuss this outside the meeting. ➢ **Team Brief:** *Sure Start* – Samih Kalakeche undertook to bring a paper to the EMT in the next few weeks as a paper would be required for the May tPCT Board. He reported on the latest position re transfer of staff (TUPE applies). Bashir Arif undertook to report back on the unfunded posts. ➢ **Capacity Building Worker** – Andrew Parker reported that he had spoken to Judith Lockhart and pick this up with Samih Kalakeche outside the meeting. ➢ **Practice Mergers** – Bashir Arif reported on the outcome of this. He highlighted that the final sentence in this note should be deleted, as at the end of the discussion, it had been agreed that the merger should be supported by the tPCT, without the need for the practices to approach their local clusters. ➢ **Campbell House** – Bashir Arif reported that he had not yet met with Samih Kalakeche	Bashir Arif and Judith Stanton to discuss outside the meeting Samih Kalakeche to bring back paper Bashir Arif to report back Andrew Parker to pick up with Samih Kalakeche Bashir Arif to discuss with Samih Kalakeche
2.	**Chief Executives' meetings: feedback** Andrew Parker gave a brief summary of the meeting held on Friday 24 February. Key points were: ➢ **Fitness for Purpose** – likely that this will be very focussed and look to identify areas of weakness. Reviews will be undertaken in London first. Andrew Parker highlighted the need to start to plan for this. ➢ **CPLNHS** – Andrew Parker noted that several of these workstreams would link into the Fitness for Purpose work. ➢ **RIO** – Chris Butler (H&F PCT) was about to convene a series of workshops/seminars and information about this would be circulated on receipt.	Andrew Parker to circulate information once received
3.	**Self-Assessment for Auditors' Local Evaluation 2005/6** Mahendra Patel noted that the auditors were currently reviewing the systems at the tPCT. This would need to be taken to the March meeting of the tPCT board and would feed into the new star rating. He highlighted the importance therefore of viewing this as a priority. Following board discussion, it might be necessary to review the assessment, following which a plan of action would be produced.	
4.	**Finance** Mahendra Patel noted that there was still much uncertainty, but he believed the tPCT should plan for 7% reduction with 5% for provider services. He invited comments on taking this forward, and noted the next meeting of the Strategic Forward Financial Planning Group was to take place the	

	following week. He asked whether EMT members felt that another workshop was necessary. He asked each Director to give some thought to areas where savings might be made, and in particular reviewing the use of agency staff (though he recognised the need to maintain safety levels in wards) and come up with an action plan to make savings. The following potential areas for savings were discussed: ➢ **Agency staff and use of medical consultants**. Agreed helpful to look at Bank again. ➢ **Mobile phones** – possibility of staff using their own phones, and the tPCT paying for work-related calls. Bashir Arif reported that Ken Pearson had confirmed that it was possible to have a mobile phone within the NHS scheme transferred into individual names. Mahendra Patel confirmed that he had requested an up to date list of phones in use to circulate to Directors for review. He also requested HR input into the way forward. ➢ **External Venues** – suggested that these were no longer used, wherever possible. If it was necessary to use an external venue, consideration to be give to using ACAD, Himsworth Hall etc. ➢ **New structures** – Samih Kalakeche asked if these could be costed. Mahendra Patel replied that this was being done, and gave additional details. ➢ **Projects** – review projects being undertaken within their directorates and freeze them wherever possible (though it may be necessary to continue with some, e.g. RIO) ➢ **Equipment** – hold back on the purchase of new equipment e.g. computers where necessary. Mahendra Patel suggested that if computers were needed, people check with IT (via the service desk) in the first instance. ➢ **Staff advertising** – no external advertising unless absolutely necessary. ➢ **Wembley staff restaurant** – need to review this agreed, in view of the overspend. Bashir Arif agreed to lead on this. ➢ **Legal Services** – these are increasing and need to be restricted. Samih Kalakeche noted that with the White Paper etc there was potential for increased use of legal advice. Mahendra Patel suggested that if legal advice was part of developing a service, then the costs of this should be included in the development costs. He suggested also pooling together with other PCTs, who would need the same advice. Samih Kalakeche agreed the principle, but thought it might not work in all cases, e.g. LAA, where these differed between PCTs. It was suggested that it would be helpful to have individual Directorate budgets and Mahendra Patel agreed to work with Jan Procter on this and bring back to a future meeting. ➢ **Hospitality** – noted that other PCTs were making cut backs in this area. Agreed to review stopping the provision of lunches, teas, coffees, biscuits etc. ➢ **Over commissioning** – measures to be adopted to address this	It was agreed that Directors would review potential for savings in these areas. Mahendra Patel to circulate list of phones Bashir Arif to lead review Mahendra Patel to work with Jan Procter and bring back

	➢ **Flexible GP Scheme** – Judith Stanton explained the purpose of this scheme and Mahendra Patel asked who had ownership. It was agreed that lead should rest with the Medical Director Andrew Parker highlighted that the most important issue was process. The tPCT had not been in the position previously to need to make large savings, and it was necessary to be clear on what was agreed. He asked Directors to give thought to the issues discussed above. He also noted that PCTs in the area were appointing turn-around Directors. Samih Kalakeche offered to put together a savings template and Andrew Parker agreed that it would be helpful if Directors could share such templates and reports with each other.	M C Patel to lead
5.	**Kingbury** Patricia Atkinson reported that she had not used the 4"C"s from the original template, as these had not been appropriate. She added that she had also used the template for the "ward in the community". Andrew Parker suggested using the template for the "top 2s". It was agreed that it would be helpful to have 2 additional appendices: i) timescale and ii) resource/finance/possible savings/reductions in overspend. Andrew Parker said that he would work with Jan Procter to produce a timetable for bring back the completed templates. Patricia Atkinson gave an update on the position with Kingsbury, particularly the financial situation. Overall at present there did not appear to be support from local commissioners, and there was over-performance on the Brent side. The only firm commitment for the coming year was for 4 beds. Therefore it was necessary to move towards consideration of the options now. Patricia Atkinson also noted the cost implications of the new model. It was also noted that a meeting was to be held with C & NW London Mental Health the following Monday. The position at Peel Road was discussed. The options for the way forward were discussed. **NB** in later discussion, it was noted that it would also be helpful to have a section on risks and risk management.	Template agreed for use, plus 2 appendices Andrew Parker and Jan Procter to produce timetable Section on risks and risk management to be added to template
6.	**Template for priorities** Andrew Parker noted that this had largely been picked up in the previous item. Mahendra Patel asked if the priorities were likely to be part of the objectives for the coming year and Andrew Parker agreed that this was very likely to be the case. Patricia Atkinson asked that Catherine Afolabi be involved in working up objectives for next year, to ensure that they were SMART.	
7.	**Ward in the community** Patricia Atkinson reported that the stage had now been reached in this project for handover to the primary care team but she understood that Bashir Arif did not have the capacity within his Directorate to take this on. Bashir Arif explained that this was a financial issue, as the proposal was for 5 community matrons, and it was clear in the guidance that these should be case managers and not line managers for District Nurses. Andrew Parker noted new ways of working,	

	and the potential for using invest to save. Patricia Atkinson noted that she had done a scoping report to the point of implementation, and that the GPs and nurses were on board. Uma Fernandes would also continue to provide support. It was agreed that Patricia Atkinson, Bashir Arif and Samih Kalakeche would meet to discuss this further.	Patricia Atkinson/Bashir Arif/Samih Kalakeche to meet
8.	**ICES and Willesden** Samih Kalakeche gave a verbal report with details of the present position and implications of moving the contract. He noted that Ingrid Clarke was still investigating the issue of whether there had been any double charging, though it did appear that over the last 2 years, patients who had been transferred from A&E to these wards had been handed over to Harrow. Andrew Parker suggested that it would be helpful to have a co-ordinated proposal with details of the best outcome and asked who would be best placed to undertake this work. He also recognised that this would be a significant piece of work. Samih Kalakeche undertook to re-present the business case to the EMT meeting to be held in 2 weeks' time. However he was concerned that while this work was being done, there would be financial implications with the ICES and wheelchair service. He asked whether the EMT would support a statement to the Local Authority that over-spending must stop while scoping work was being undertaken, and this was agreed. The potential service impact at NPH was also highlighted, and it was agreed that it would be necessary to understand what would happen to patients, if it was not possible to admit them from A&E to the Harrow wards.	Samih Kalakeche to bring business case to EMT meeting in 2 weeks' time.
9.	**Our Health, Our Care, Our Say** It was agreed that Samih Kalakeche would adapt the paper presented to the PEC for discussion by the tPCT board.	Samih Kalakeche to revise paper
10.	**HR Update** ➢ **On-call rota** – Bashir Arif suggested that Jan Procter approach the PAs to request a volunteer, though each PA would have to do a rota. It was agreed that each PA should do the rota for 6 months, though Bina Patel had done it for a year. It was noted that with the restructuring, it would be necessary to seek further nominations for the rota. Bashir Arif suggested that HR look at those staff in the next tier from Director Level and identify the appropriate people. Judith Stanton highlighted that they would also need training. ➢ **AfC** – Jane Busy understood that the majority of letters had now been sent out. It was hoped that it would be possible to declare 100% by the end of March, so that it would be helpful if staff could return their letters as quickly as possible. Bashir Arif noted that it had been helpful to have discussion with the managers concerned. He also raised the issue of therapists and gave details. Judith Stanton said that it would be helpful to have an exception report, so that any chasing could be undertaken. Patricia Atkinson and Judith Stanton also raised the position of the Directors' PAs. It was noted that a generic JD had been developed for all	Jan Procter to call for volunteer for on call rota

	Directors' PAs, and it was agreed that, provided it was approved at the appropriate/required level, all PAs would sign up to it. ➢ **ESR** – Jane Busby passed on a message from Veda Dubery that this system would go live on 3 July, so that the payroll for June would need to close early.	
11	**Joint Meeting with Directors of Brent Council** The following items were suggested: ➢ Our Health, Our Care, Our Say ➢ Finance (important to keep LA informed of issues) ➢ LAA/Choosing Health/broader health inequalities ➢ Fitness for Purpose review (if sufficient information available) ➢ CPLNHS – update (to include discussion on their potential re-siting, costs etc) ➢ PBC – views on how LA might participate in that agenda. Andrew Parker undertook to identify the key issues and suggest agenda items to Gareth Daniel. Judith Stanton highlighted that she was still pressing for a discussion on the casino issue, and it was agreed that this might be an issue for the next meeting in six months' time.	Andrew Parker to propose items to Gareth Daniel
12	**Programme Management Workshop Notes + Measuring success plan** Mahendra Patel reminded people of the workshop that had taken place and tabled a paper on the "Case for Programme Management". He felt that the general view from the workshop had been to adopt the tool, though not to enforce its use. He also recognised that Paul Beal had had strong views about its use and not signing this off. He then invited comments from others who had attended. Positive views were expressed about how useful the session had been by those who ha attended, and Andrew Parker suggested that the model could be proposed as a best practice approach, though it should not be imposed on people. It was recognised that it was part of OD, and Mahendra Patel agreed to discuss this further with Paul Beal.	Mahendra Patel to discuss with Paul Beal.
13	**Diary Review** It was noted that the LDP workshop scheduled for 2 March had been postponed and that the new date was 18 May.	
14	**Any other business** Alperton GP practice – Bashir Arif gave details of issues around premises of a practice in Alperton, and gave details of discussions with Lise Llewellyn the previous December. He listed the options that he felt were open to the practice and invited any comments.	

Appendix 16:

Issues of concern to Practice Managers.

ADDITIONAL NOTES FROM PRACTICE MANAGEMENT

RELATIONSHIPS

In 2003-4 a new post for the implementation of the new GMS contract was created. The post would have provided a development opportunity for a practice manager whose practice level experience would have supported successful implementation for the PCT and practices. A letter was sent to the then Director of Primary Care asking under equal opportunities why the post was never advertised. The letter was signed by several practice managers but was never acknowledged and no response was received.

The change from the practice development manager role to the cluster manager role removed the local level face of the PCT. This change was not shared with the practices and created a feeling that the PCT were not interested in general practice. A number of practice managers said that they had had no contact at all from the cluster manager and one reported only receiving one phone call during January to ask what was happening about flu vaccinations.

There has been a lack of transparency in the establishment of new services and no evaluation of cost or clinical effectiveness.

INPEDIMENT TO PBC

During the creation of the PBC clusters the PCT restructured the locality management team reducing the number of posts to form 5 cluster manager posts. It was agreed by the PEC that each cluster and successful applicant could express a preference for which cluster they would be based in. The Harlesden cluster wrote to the PCT to express a preference to retain the current practice development manager who had worked closely with the cluster to engage practices and develop the commissioning plan. The cluster was then criticized for expressing a preference and the practice development manager was told to clear his desk and leave the cluster by 6pm that evening. There was no discussion of how the issues raised by the cluster could be managed or a staged handover to his new appointment. The cluster response to what was seen as an unfair treatment of the manager in question was for the board to resign and for Harness GP Cooperative. The Coop then requested the secondment of the practice development managers assistant who was the main communication link between the practices. At the time of the request she was being slotted in as a project officer with no main remit. She applied for secondment to the PBC

cluster for two years. The win for the Coop would to be for her to work to build on the trust and communication between the practices. The win for the PCT would have been not to have paid her salary for two years after which time she would return to the PCT fully trained to implement PBC. The benefit for the individual was to maintain her NHS employment, develop new PBC skills and to have a strong remit. Once again the PCT would not consider the secondment so the person in question resigned and is now employed by Harness. The PCT are now interested in accessing her to train new staff working with PBC and as a resource for other PBC groups.

It has been difficult for PBC to contribute to the financial position of Brent for a variety of reasons: the approach has been risk adverse, plans based on invest to save were agreed but not invested in, incentives became disincentives, lack of challenge to acute trust.

COMMUNITY NURSING

There was no consultation with practices regarding the process of restructuring of community nursing. On the insistence of the PEC a urgent meeting was held. The data used to assess need was inaccurate and had obviously not benefited form public health involvement. The initial outcome would have disadvantaged certain localities.

Due to the length of time nurses were at risk in the restructuring of community nursing – approximately 12 weeks the most capable nurses found alternative employment. This has resulted in the remaining nurses being over stretched and cover falling below safe levels.

One practice manager reported that their health visitor had been relocated and subsequently had said that she was unable to now visit patients who live across the road from the practice breaking continuity of care.

Appendix 17:

Two timelines provided by the Internal Auditor in relation to detailed pieces of work undertaken in 2006 concerning Continuing Care and NHS Provider invoices and accruals relating to the 2005/06 financial year.

Brent PCT
2006-07
Continuing Care Invoices review

27.7.06	Charles Boucher, Audit Committee chair contacted Ivan Doncaster, Managing Director of ParkHill Audit Agency to inform him that PCT may require support in putting together the year end working papers and reconciliation schedules for continuing care.At this stage it was not definite. We were informed that this work was of high priority as finalisation of the accounts depended on outcome of this review.	
1.8.06 Monday	We were invited to attend the meeting at lunch time to dicuss the scope of requested review withAndrew Parker, interim CEO at time, Mahendra Patel, Ex Director of Finance and Charles Boucher.	
1.8.06	Following the meeting, Ivan sent an email to Mahendra to confirm that we shall commence the review from 2.8.06 at 9 am.	
1.8.06	Mahendra forwarded finance spreadsheet via email at 4.15 pm	
1.8.06	Updated spreadsheets emailed by Mahendra at 5.10pm	
2.8.06 Tuesday	Updated Mahendra on progress.	
4.8.06 Wednesday	Interim meeting held with Andrew Parker, Mahendra Patel, Charles Boucher, Jean Gaffin, ex PCT Chair and Indira Shah, Audit Manager. At the meeting we informed those present that the progress was very slow as all the client information to support the accuracy and validity of the invoices was not readily available or did not exist. **We were requested to continue with the review. We also highlighted the fact that it would take longer than estimated originally to complete this review.**	
4.8.06	Mahendra once again updated the spreadsheet and this was forwarded to us at 3.08 pm.	Constant updating of the original spreadsheet was leading to confusion. A record of changes to be made should have been retained which would have provided a full audit trial of movements.
8.8.06 Tuesday	We were informed of the Sub Committee meeting scheduled for next day where we were required to attend.	
9.8.06 Wednesday	At the meeting Mahendra informed those who attended that a further accrural of £1.5m was required in the account. At the meeting we informed that we had completed approprimately 60% of verfication. Lack of readily available supporting documentation was hindering our processes. In addition due to change in continuing care system in 2005, it was difficult to verify the accuracy of the invoices prior to 2005/06. At this point we advised the Board that work was going to take considerably longer than originally intented in our estimamte at the outset.	We were asked by Charles Boucher to complete the review and report appropriately. In addition he required a further investigation into continuing care to understand the reason for occurance of this situation. Specifically who decided to switch from MACCS system to Smartqube i.e commissioning or finance. Also he required us to look at 2004/05 to see if similar problems existed than.
14.8.06 Monday	We issued our report to Mahendra, Andrew, Samih and Charles.	

Staff assigned to this review

Name	Days	Title
Ivan	2.5	Chief Internal Auditor
Indira	9	Audit Manager
Dion	6	Assistant Audit Manager
Abbas	5	Auditor
Urvi	6	Auditor
Jenia	2	Auditor
Keith	2	Auditor

Difficulties encountered during this review.

1. Finance were updating their spreadsheets during the review leading to confusion and loss of audit trail.

2. Continuing care system changed in April 2005, thus verification of client data and agreed treatment packages for prior year invoices was very time consuming.

3. Documentation relating to panel decision of client care provision was not stored in orderly manner at the PCT. This supplemented to problems we were having to verify the validity and accuracy of invoices.

4. Data on new system was not fully populated at time of our review, thus we had to use multiple avenues to verify data on the invoices.

5. There were little or no working papers available to support and justify the accruals which were to be accepted and included in year end accounts. We worked with Mahendra, Manu and Samih in developing working papers to stand up to external auditors review.

Brent PCT
2006-07
Acute Commissioning Accruals.

6.11.06	The concerns about the accruals provided for in 2005-06 accounts and contingent liabibilty crystalising was relayed to those present at the audit committee by Indira Patel, Interim Deputy Director of Finance. The chair of the audit committee requested us to review Indira Patel's working papers and asceratin the accuracy of the figures reported in accounts.
7.11.06	Indira Shah met Indira Patel to understand the contents of the spreadsheets she had formulated and information. At this meeting it was identified that her evaluation was based on discussion with various PCT staff and drilling information from finance and accounts payable systems. There were no supporting back up's.
7.11.06	Ivan sent an email to Indira Patel, detaling chrge rates and "best guess" estimamte of time provided all documents are easily available.
8.11.06	Ricahrd Campbell, Consultant and Indira Shah met with Indira Patel to clarify objectives and kivk start the review. Richard had kept Anna updated on the progress on continuous basis.
30.11.06	Our initial findings were reported to members and those who attended the meeting . During this meeting we informed all presennt that we were having great difficulty in finding the audit trail of all journal entries and supporting documentation for figures stated in the accounts. Hence we were unable to meet our agreed original objective. it was decided at this meeting that we would collate all information and provide the management with seconfd report detailing all weaknesses found.
11.12.06	Second report issued. A lot of paper work in regard to copy invoices, supplier statements, SLA contracts, email correspondence etc was gathered during this review which was sorted and cross referenced. Where there were gaps in information we contacted PCT staff and arranged to obtain this information. This was all done after 30.11.06.

PCT management was updated regulary on time utilised and the cost.

All the recommendations we have made has been incorportaed by Jackie Briscoe in her workschedule.