

<b>Report Recommendations</b>	<b>Response</b>	<b>Responsibility/ Timescales</b>
<b>Financial Management within the PCT – Overarching Issues:</b>		
141. The PCT Board should consider the merits of establishing a Resources Sub-Committee to ensure that forward planning is appropriately linked to strategic service developments.	The Board has reviewed and implemented new governance arrangements in accordance with the recommendations in the Integrated Governance Handbook. Strategic focus is maintained at Board level, rather than through a Sub-Committee, in order to ensure full ownership; this is consistent with practice in the top FTSE 100 companies. Forward planning for 2008/9 and beyond through the Operating Plan and Commissioning Services Plan involves the whole Board.	MS/ME
142. The PCT is in possession of many findings from Internal and External Audit Reports, Healthcare Commission Assessments, Benchmarking Exercises and this Review, which relate to Financial Management and Corporate Governance matters. To reduce the risk of duplicated effort a consolidated Action Plan should be considered; allied to clarity as to who is leading what.	Agreed. A consolidated action plan will be prepared which is cross-referenced to other key recommendations. There are processes in place for audit reports with identified leads and clear timescales agreed by EMT.	JW April
143. Account should be taken of various national reports relating to financial management e.g. “Delivering Excellence in Financial Governance” issued by the DH in 2003; “the Role of the Finance Director in a Patient Led NHS” issued by the DH in 2006; “Review of the NHS Financial Management and Accounting Regime” and “Learning the Lessons of Financial failure in the NHS” both issued by the Audit Commission in 2006.	Agreed. The Director of Finance has formulated arrangements for meeting the recommended standards for good financial management and this has been endorsed by EMT.	JW Achieved.
144. Care should be taken to ensure that the clarity of Finance Reports now presented to the PCT Board and senior managers is maintained as interim personnel move on. The opacity and conflicting messages in previous Finance Reports should not be	Agreed. The current arrangements will be maintained and further improved with the substantive appointments now made.	JW Achieved.

tolerated.		
145. A clear link between Finance Reports and Performance Reports is essential.	Agreed. The Executive Director responsibility for both finance and performance lies in a single substantive post. There is already a single Finance and Performance Report which will be maintained.	JW Achieved.
146. Although the Turnaround process has probably already inculcated this in the mindset of relevant PCT personnel, the idea – Finance is everybody’s business – should continue to be emphasised.	Agreed. This was achieved through the Turnaround process and continues to be emphasised during the planning and budget-setting process for 2008/9, although Turnaround will have formally ceased and becomes mainstreamed. It will be further reinforced during training for all budget-holders in the early months of the new financial year.	ME Achieved.
147. The PCT Board should demand that Executive Reports display clarity of content and clarity about options for discussion and decision.	Agreed. Guidance has been considered by the Board and will be in place from February 2008.	ME February.
148. It is assumed that the Turnaround Plan will evolve into a formal Financial Recovery Plan. Therefore, the PCT Board and the senior Executive Team will need continuing clarity and accountability for scheduled tasks and executive leadership. In other words, a checking and tracking system to ensure that things happen.	The Operating Plan for 2008/9 will incorporate the plans for savings to achieve financial recovery. There are clear accountability arrangements in place and a system of regular reports to EMT and the Board to ensure that plans are on track.	JW Achieved.
149. As time and resources allow, consideration might usefully be given to ensuring that PCT HQ personnel have time at “each others desks” and have time away from the HQ to experience the delivery of Patient services.	Improved working arrangements of the EMT have already achieved a move away from silo-working. There are regular team briefings to senior managers and members of the EMT also have a series of planned visits to PCT sites and GP practices. Where individuals would particularly benefit from experience elsewhere, this will be considered as part of individuals’ personal development plans.	ME
150. The Management Accountancy resource requires reinforcement.	The Finance Department has already been restructured. An assessment of skills gaps has been undertaken and substantive gaps filled on an interim basis. The new Director of Finance will carry out a further review as to the continuing adequacy of the	JW June.

	arrangements.	
151. Budgetary accountability should be made crystal-clear to individual budget holders.	Agreed. As part of the budget-setting process every budget holder will get a document setting out their responsibilities for which they will have to sign. The responsibility to manage budgets appropriately will be reflected in the individual objectives of all budget-holders and reinforced through training and regular meetings.	JW March - June
152. Budget preparation timetables should be followed.	Agreed. Timetables are in place for the Board to sign off budgets for 2008/9 by the end of March.	JW March.
153. Budget holders should be provided with timely and accurate information.	Agreed. Budget-holders are now receiving regular reports. The timeliness and processes for regular reporting are to be reviewed further.	JW June.
154. Variances and requests for budgetary virement should be subject to clear discussion between budget holders and their linked Management Accountant or more senior Finance personnel.	Agreed. The budget document for 2008/9 will set out the procedures for budgetary virement. Levels of virement will be reviewed and updated as part of the revision of SOs/SFIs.	JW March.
<b>Financial Management within the PCT – Specific Issues:</b>		
155. If not already implemented, a watertight logging and tracking system for invoices is essential. The practice of invoices being received by different parts of the organisation should be stopped.	A new system has already been implemented so that all invoices are received at a single location within the PCT in the Finance Department. All suppliers were notified by letter of 28 November 2007.	JW Achieved.
156. The application of Contingent Liabilities should be fully understood by relevant Finance personnel as this is a sore point and a number of staff have felt uncomfortable with various accounting and financial practices they have previously been asked to follow.	Application of contingent liabilities now follows standard NHS accountancy practice. The arrangements will be validated in due course by External Audit.	JW June
157. A decision is required by the PCT and NHS London as to whether my concerns about the legitimacy of the Final Accounts and associated formal declarations, in respect of 2005/06 and 2006/07, in view of the high level of Contingent Liabilities should be followed-up.	The PCT is satisfied that any material issues arising from the final accounts of 2005/6 and 2006/7 have been incorporated into plans for 2007/8. Contingent liabilities reduced from £6.9m in 05/06 to £1.7m in 06/07.	JW

158. A similar decision is required in relation to issues over the accounting treatment for Prescribing Expenditure by the PCT.	The PCT corrected the accounting treatment for prescribing expenditure in 2007/08.	Achieved.
159. The PCT Board should consider some form of oral or written acknowledgement to junior and middle ranking Finance (and other) personnel that it has recognised the pressures and anxieties they have borne.	The CEO will be writing to all staff to explain the findings of the investigation and acknowledge the difficulties experienced by staff over the last 18 months; this will be supplemented by face to face meetings.	ME
160. The PCT Board should consider forwarding a letter of thanks to Ms I Patel and an apology. This being in respect of the difficulties she faced in trying to disclose the true financial position of the PCT during 2006.	When the report is published we will write to Ms Patel acknowledging with appreciation her role in revealing the PCT's true position and apologising for the difficulties she had being heard.	ME
161. Consideration should be given to procedures of individual personnel responsible for making payments. The overall Income and Debtor function should be examined to ensure compliance with best practice.	There is an action plan in place to review procedures for making payments and the arrangements for the income and debtor functions.	JW June.
162. The FIMS returns and similar reports should dovetail, as far as different reporting timetables allow, with the financial information considered by the PCT Board. The free text Commentary might usefully be considered as an Appendix to the regular Finance Report to the PCT Board and to meetings of the senior management team.	The FIMS returns and financial reports dovetail so that the Board regularly receives consistent information. A consistent commentary is provided to the Board and to the organisation as a whole, so there is no need for a separate annex to the PCT Board report.	JW Achieved.
163. The PCT Chair and Chief Executive should be aware that they are expected to know the main messages within the FIMS Returns before submission.	Agreed. FIMS reports are signed off by the CEO before submission and the CEO briefs Chair of the main messages. There is also a regular briefing of the NEDs.	JW Achieved.
<b>Executive Management within the PCT – Overarching Issues:</b>		
164. Echoing the views of many existing PCT interviewees,	Agreed. The new CEO and newly appointed Executive	ME

cohesive working between all Executive Directorates should become the hallmark standard.	Directors have already taken steps to end silo working. An awayday in January and whole Board development programme will articulate the expected behaviours across the organisation.	
165. The mainline decisions taken by the senior management team should be communicated regularly across the PCT. The residual view that decisions are taken in secret, by a small group of individuals, should be emphatically dispelled.	Agreed. There is a team brief after each Board meeting which forms part of a cascade throughout the whole organisations. The CEO has a slot in the fortnightly magazine to staff where key messages for the whole organisation are included.	ME
<b>Wider Issues that need to be addressed:</b>		
166. Investment in a modern HR resource is a priority.	A very experienced permanent HR and OD Director has been appointed. The HR resource has been restructured on a business model with separate focus on commissioning and provider sides. The existing resource is at an appropriate level and the restructuring is designed to ensure it operates in an effective way. Strengths in workforce planning are being used to improve support to management with useful information.	CA
167. Basic HR processes, from employment services to monitoring of sickness absence are in need of overhaul.	The HR restructuring was designed to address these issues and ensure that managers are provided with the support and information with which to manage effectively.	CA
168. A systematic but affordable profile for OD and individual professional training should be considered. The residual perception that investment in training has been for the favoured few should be dispelled in favour of an acceptance that training is provided on merit and need.	As part of the 2008/9 budgeting process, internal resources are being utilised to create OD support. Management of training and development now lies within the HR function so that it is coordinated in a consistent way across the whole organisation. HR will be monitoring the systematic adoption of IPR arrangements including the grandparent function to support consistency in approach.	CA
169. A fundamental new approach to formal staff liaison and consultation should be considered by the PCT Board. This should include half-yearly focused discussion with professional officers from Trade Unions and Professional Associations.	Joint Staff Consultation arrangements are already in place and have recently been attended by a full-time TU officer. A full-time TU officer has also been engaged as part of the arrangements to develop increased separation for provider services.	CA
170. The PCT Board should consider asking the previously used Andrea Adams Trust, or similar organisation, to provide advice on	The raising concerns at work policy has been reviewed and was ratified by the Board at its January meeting and will be subjected	CA

identifying and dealing with systemic worries, among PCT personnel, about the level of harassment and bullying within the PCT HQ and in the localities. This has been a longstanding issue and personnel believe that senior management is not interested in resolving it.	to further external review. The bullying and harassment policy has provision for a harassment coordinator. The (new) Board will emphasise its commitment to resolving issues of harassment and bullying and to addressing legitimate concerns.	
171. Reassurance should be provided to PCT personnel that confidentiality would be respected if any person has legitimate recourse to the provisions of the PCT's Whistle-blowing and Bullying and Harassment Policies.	Both policies addresses the issue of confidentiality.	CA Achieved.
172. The PCT's Service Strategy should be updated, at an appropriate time, and incorporate a Resource Plan covering skills, workforce and financial considerations. As with the 2003 Service Strategy, the revision should involve stakeholders. This engagement should be on an ongoing basis and not as a one off academic exercise.	The operating plan for 2008/9 will be formally approved at the March Board meeting as part of the NHS London Commissioning Regime. The Commissioning Strategy Plan will be revised during 2008 and will involve stakeholders.	ME March
173. Concerns about the management of the PCT's Estate should be taken seriously and consideration given to a programme of Audit and other specialist inquiries in the areas mentioned within the main body of this Report.	Arrangements for Estates and Capital are being reviewed. The Internal Audit Plan for the year will incorporate estates issues and will address the areas mentioned in the report.	ME April
174. A new working concordat is required between the PCT and Primary Care in relation to: a) a deeper understanding of Primary Care's challenges: b) the support provided by the Integrated Delivery Directorate: and c) the approach to Practice Based Commissioning.	Working relationships are being improved in a variety of ways: the introduction of a balanced score care approach, revised governance arrangements for PBC (March) and a systematic revision of the primary care strategy engaging stakeholders and concluding in summer following consultation (September). This together with the restructuring of the primary care directorate is designed to clarify expectations and improve support.	JO September.
175. Similarly, more effective liaison is required between the leaders of the PEC, the PCT Medical Director and the PCT's other clinical advisors.	The new PEC was appointed on these terms i.e. clinical leadership, engagement in PCT strategy and practice based commissioning. The departure of the current medical director gives us an opportunity to ensure the role of PEC chairs is	ME March

	aligned with the new job description.	
176. The new PCT leadership will already know the main areas of concern to their own personnel working within Primary and Community Care. They will also be aware of the principal concerns among Independent Contractors within General Practice. This is perhaps the largest challenge facing the PCT.	The action identified in 174 above is designed to address this. Additionally the CEO and Director of Primary Care Commissioning have a programme of meetings with practices to hear and address concerns, and are supporting a regular meeting with practice managers across the borough.	
177. As with Primary Care, a new working and relationship concordat is urgently required between the PCT and LB Brent.	Improvements are being made to the working relationships with LB Brent, while at the same seeking to resolve the outstanding issues over community care. Regular Joint Executive Team meetings have been re-established to discuss issues of mutual concern, while PCT membership of key joint committees is being re-evaluated. We are developing a joint health improvement strategy during 2008 and there is agreement in principle to the appointment of a joint Director of Public Health and Regeneration. The Director of Housing and Social Services was a member of the appointment panel for the new PCT CEO.	ME
178. Once the dust has settled over the extant disputes, the PCT will need to make clear its priorities for joint working and listen to LB Brent in respect of becoming engaged with the Regeneration and Social Inclusion agendas.	Joint PCT council awayday is taking place on 20 February with the help of an external facilitator to determine joint priorities and improved working arrangements. The joint director of public health will have a regeneration focus.	ME
<b>Corporate Governance within the PCT:</b>		
179. The ongoing governance review should promote the concept and application of Integrated Governance.	The new arrangements have already been implemented followed an independent review and are based on the approach in the Integrated Governance Handbook. These arrangements create the proper balance between executive roles and non-executive scrutiny and have eliminated the proliferation of committees.	MS Achieved.
180. It will be important that consideration be given to the appropriate training of personnel directly involved with the process of governance, especially in the areas of Risk Awareness and Risk Management.	A new formally qualified Risk Manager takes up post on 1 February. Arrangements, including training, will continue to evolve as part of the process of greater separation of provider services.	PA

181. Equally, clarity will be required about the precise duties and responsibilities of the personnel responsible for overseeing and coordinating the Risk and overarching Governance agenda.	As 180 above. Proactive training on roles will commence in April 2008.	PA April
182. Emphasis should be given to ensuring that certain areas of the PCT have increased awareness of Risk issues in particular, the Integrated Delivery arm. Similarly, that specialist areas are overseen by a competent individual e.g. Health and Safety.	As identified in paragraph 180 new arrangements are being put in place as part of the greater separation of provider services, including a focus of expertise on risk in this part of the organisation. A competent individual is in post dealing with Health and Safety.	PA July
183. Some of the foundation policies and procedures require, as time allows, updating e.g. the Risk Strategy.	An initial review of the risk strategy has already been undertaken to ensure that it remains fit for purpose. A further update is planned to be completed by the end of July.	PA July.
184. The new Audit Committee has a focused work agenda. It will also be important for the Audit Committee to develop a new understanding with its Auditors about timelines for the consideration, acceptance and implementation of Audit recommendations.	The Audit Committee now has a draft annual programme for its activities into which the outputs of the agreed audit plans will be incorporated. Both internal and external auditors have been replaced and timelines for the implementation of audit recommendations are in place and monitored..	JW Achieved
185. A consolidated Action Plan is required, if not already prepared, to identify those historic Audit recommendations which still require implementation.	A consolidated action plan for audit recommendations is in place.	JW Achieved.
186. The Audit Committee and the PCT Board need to be comfortable with, and understand the principles of Audit undertaken on their behalf. Whilst this predominantly comes from a mutually trusting relationship, a useful refresher is provided within the Audit Commission's " <i>Statement of Responsibilities of Auditors and of Audited Bodies.</i> "	Agreed.	JW
187. The Audit Committee should consider inclusion within the annual Audit Plan time for an assessment of procedures connected with the PCT's Commissioning process, estates management, payments to creditors (in fact the whole area of	The internal audit plan for 2008/9 for agreement before the start of the financial year will incorporate these items as appropriate.	JW April.

Income and Debtors.)		
188. A consistent approach is required to the setting and monitoring of annual objectives for members of the senior management team.	<p>The CEO objectives are derived from the agreed corporate objectives and form the basis of Directors' objectives which are cascaded down through the organisation in a systematic way. This has been implemented for the remainder of 2007/8 and will form the approach in 2008/9. The arrangements will be monitored (see 168) by HR in 2008/9.</p> <p>Non-executive director objectives also address the corporate objectives.</p>	ME Achieved.
189. The PCT should ensure that relevant personnel have access to, and knowledge of, SFIs and SOs.	The SFIs and SOs are available to all staff on the intranet and have been drawn to the attention of all budget holders as part of the 2008/9 process.	ME Achieved
190. These bedrock policies should be regularly assessed to ensure compliance with the latest framework issued by the Department of Health.	The SFIs and SOs will be reviewed on annual basis to ensure that they incorporate the latest national guidance. They will be revised and recirculated for 2008/9.	ME/JW/MS May.