

Hounslow Primary Care Trust

# Annual Report 2006/2007





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# Welcome from the Chairman and Chief Executive

## Welcome to Hounslow Primary Care Trust's Annual Report 2006/07.

2006/07 was a year of significant challenge, as well as change and development, for Hounslow PCT as well as the wider NHS. It has not been an easy year, and we have embarked on a journey of organisational modernisation, with our aspiration being to return to financial balance by 2008.

Nationally, the Department of Health published its White Paper *Your Health Your Care Your Say* outlining the direction for the commissioning and provision of health services. Here in Hounslow, we focused on the challenges of commissioning and modernising local health services within the available resources. Internally, HPCT began to reshape itself as a commissioning organisation, with an emphasis on performance, strategic planning and robust commissioning for quality of services and patient experience. We are also equipping our provider services to become a resilient and effective provider of community based services.

We also saw the appointment of a new Chairman and Board. In particular, we pay tribute to Christine Hay, our well-respected Chair on her retirement after a lifetime of public service, and we thank John Foster who was interim Chief Executive for 18 months. Thanks also to Chi Maher and Mike Carman who served as Non Executive Directors between 2002 and 2005 to 31st March 2007 respectively.

## Fitness for Purpose

Hounslow PCT was one of nine London PCTs who piloted a major piece of development work called "Fitness for Purpose". Fitness for Purpose is about planning for the future, and assessing our ability to cope with the emerging commissioning focus of PCTs.

### It aimed to assess:

- Short term viability and risks (e.g. financial situation).
- Longer term prospects for successful delivery of the commissioning policy agenda.

The audit took place in May–June 2006, looking at many different areas from finance to emergency planning, Care Pathway Management, Monitoring and Provider Management.

It led to a development plan, linked with our financial recovery plans.

The eight week process involved extensive collection of evidence and a number of interviews by teams including external directors from Sutton & Merton PCT and Wandsworth PCT. The 'Fit for the Future' staff consultation paper was sent out to all PCT staff on 1 November 2006 and this helped us identify and initiate actions we need to undertake to equip our organisation for the future and we have now developed a comprehensive action plan to address all the issues identified.

## Highlights of the year included:

During the year, Hounslow saw several significant developments reflecting our theme of modernisation and moving forward for example:

- The landmark Heart of Hounslow Centre for Health opened, on time and on budget, in February 2007.
- We took possession of the spacious new Feltham Centre for Health and both these new buildings offer great opportunities for the whole Hounslow Health economy to develop modern health services and improved patient environment.
- The innovative 'right care right place right time' initiative in the A&E department at West Middlesex University Hospital commenced in November 2006.
- We introduced community matrons and the team of four is based at the Heart of Hounslow Centre for Health.

Overshadowing all of this was our financial deficit. The 2006–2008 Turnaround Plan was designed to return us to financial balance in 2007/08. Despite sterling efforts, this was not to happen, and 2006/07 ended with a deficit of £12.8m. We have now agreed a recovery plan with NHS London and the Department of Health which will ensure increased focus on achieving financial sustainability. This will be discussed in more detail in the finance section, but here we want to emphasise some key points:

- Despite the disappointing year end figures, our staff worked hard and achieved savings of some £8m without adversely affecting patient services.
- The Department of Health's decision to top slice monies from all PCT budgets, was a significant factor in our year-end deficit although this will be returned in subsequent years.
- There is evidence that our funding does not reflect the true level of the population, significantly disadvantaging Hounslow. We will be working closely with our partners in the London Borough of Hounslow to address this for future years.

We have continued to work closely with our general practices and other independent contractors as well as our partners in West Middlesex University Hospital, West London Mental Health Trust, Ashford & St Peter's Hospitals Trust, the London Borough of Hounslow, as well as the wider health economy. We have also maintained our constructive discussions with the Overview & Scrutiny Committees and the PCT Patient & Public Involvement Forum, whom we thank for their interest, encouragement and support.

Finally, we thank all of our colleagues and staff within Hounslow PCT for their support and dedication during what has been a challenging year for everyone.

**Christopher Smallwood**  
**Chairman (appointed 1 March 2007)**

**John James**  
**Chief Executive (February 2007)**

**Dr Nicola Burbidge**  
**Professional Executive Chair**

# Operating and Financial Review

## Practice based commissioning

An exciting development for the PCT and General Practice has been the introduction of Practice based Commissioning (PbC) which is a major change across the NHS getting GPs involved with the commissioning of NHS care for their local populations. In Hounslow we developed PbC budgets for our GP practices and distributed comprehensive financial information. We saw eight PbC Consortia established initially and these later merged into two large Consortia covering Hounslow. The introduction of PbC has delivered a maturing partnership between local GP practices and the PCT and has also led to some specific modernisation schemes.

## Care closer to home

With GP leadership directly resulting from PbC, in the Eastern half of the PCT we have changed the care pathway for people with musculo-skeletal problems. Many patients used to wait weeks to see a hospital doctor and then be referred for physiotherapy for which they would have to wait again. We have introduced a mechanism for sending appropriate cases straight to physiotherapy, so reducing their waits and avoiding unnecessary outpatient appointments.

We have introduced a similar pathway for people needing minor surgery. Instead of having to be sent into hospital, appropriate cases are now sent straight to specially trained General Practitioners. The minor surgery can now be done in health centres and GP practices nearer to people's homes.

The PCT delivered other initiatives to reduce the number of patients going into hospital outpatients unnecessarily. For example, we introduced a scheme for reducing the number of referrals within hospitals; we distributed information to GPs about their referral patterns and established group meetings for GPs to learn from one another about their referring practice. As a result we saw 5% fewer outpatient appointments, more people were seen more quickly and less PCT money was spent on unnecessary hospital visits.

## Stop Smoking Service

The joint Stop Smoking Service for Hounslow and Ealing PCT's, managed by Aarun Taylor and his team, has shown extraordinary commitment to reaching our target for this year.

Well done and special thanks to all the sessional staff, all our community advisors (Pharmacists and Non-Pharmacists) and those health professionals who have worked with us for their help and support throughout the year.

Hounslow's target for the year was 1,793 quitters. We achieved 1,807 quitters.

Ealing's target for the year was 2,750 quitters. We achieved 2,996 quitters.

## Diabetic Retinal Screening

Despite the severe financial pressures, the PCT decided in the winter of 2006 to invest in a systematic diabetic retinal screening service. This will prevent damage to eyesight and even blindness for many diabetic patients in the next few years. Implementation is now well under way and we should see the first patients screened in September 2007.

## Choose & Book

Progress on the implementation of Choose & Book was steady through the year and more than 90% of the PCT's GP Practices are now equipped for making bookings through Choose & Book, enabling patients' choices of acute hospital. However, we need to see a greater uptake of the service in 2007/08.

## Pathology

In partnership with West Middlesex University Hospital NHS Trust, the PCT tendered out the pathology service for the acute hospital and the majority of Hounslow GP Practices. This major undertaking was kept within the planned timescale and two excellent providers were short-listed. Quest Diagnostics has been awarded the contract and the PCT anticipates major improvements in diagnostic support for our primary and secondary clinicians and their patients.

## Pharmacy care

The main focus of the work was to oversee the continuing implementation of the community pharmacy contract. In addition to the established developmental work each of the 54 pharmacies received a practice visit between November 2006 and August 2007 from the PCT team. The outcomes, at a practice and PCT level, will determine the actions to be taken to ensure full implementation of the contract and the associated benefits for patient care.

The number of pharmacies with premises accredited for the provision of the advanced service of Medication Use Review and with pharmacists accredited to provide this service, increased during the year to 66% of contractors, by June 2007.

The range of enhanced services provided was maintained, with, for example, community pharmacists making significant contributions to the Stop Smoking agenda, substance misuse services and continuing to support the prevention of teenage pregnancy through the emergency hormonal contraception scheme.

The minor ailments scheme was further rolled out, increasing from five to sixteen pharmacies and was linked to the Primary Care Provision at West Middlesex University Hospital A&E so that patients who attended the A&E department could be appropriately signposted to a local pharmacist, preventing attendance at A&E for a minor ailment.

## General Practice care

At the beginning of the year there were 60 GP practices in Hounslow and of these 53 were independent practices providing NHS care under General Medical Service (GMS) or Personal Medical Services (PMS) contracts and seven run by the PCT itself. During the year the Department of Health asked all PCTs to review whether this was the best arrangement and the PCT concluded that it was not. The PCT consulted patients as to what they wanted from their GP practice and translated this information into a specification of services required from future providers. The PCT then went out to tender to find the future providers of the practices. By the end of March

2007, the PCT had almost concluded a large tender exercise which will be completed in 2008 when the PCT will hand the running of these six practices to the new provider.

The seventh PCT run practice, Oasis, had been set up in April 2001 to provide care to refugees and asylum seekers at a time when high numbers of asylum seekers arrived in Hounslow. The PCT reviewed the future of this practice and found that the majority of patients were no longer refugees or asylum seekers and that a dedicated practice was no longer required. In the year the Home Office had also changed their approach to managing asylum seekers leading to their swift movement out of London. In addition, the equality agenda has moved on since Oasis had been set up and all GP practices should now be providing care for all of the population. The Oasis Practice has now closed.

During the year two independent practices based at the same site merged so the year ended with a total of 58 GP practices in Hounslow.

2006/07 also saw two major premises developments. Five practices relocated to the new Feltham Centre for Health within the new Feltham Town Centre development as part of the re-generation programme for the area.

The Heart of Hounslow Centre for Health, one of the biggest health centres in Europe, opened in February 2007. Three GP practices re-located there and a fourth will move in later in 2007.

GP out-of-hours services continued to be provided by Harmoni, with initial call handling by NHS Direct. The team will be looking to establish a robust primary care performance monitoring and contract compliance regime. As care is moved out of hospital, it is essential that primary care is fit for purpose and able to provide the foundation for community service development in the years ahead.

## Dental care

A new dental contract came into effect on 1 April 2006, which set out a new system for paying dentists and patient charge system.

With the introduction of the new dental contract, only two dental practices moved to the private sector although all dental practices had the choice to do so. Hounslow now has 42 practices across the borough providing dental care across all communities.

Eleven dental premises were improved with further improvements planned for 07/08. The Department of Health has provided PCTs with modernisation funds, which will be distributed to modernise practices and ensure all practices have disabled access.

Out-of-hours dental services were improved during the year after a number of PCTs in North West London procured an out-of-hours dental provider. This provider has now shown results where a large proportion of patients have needed advice only, and around 40% have been booked in for an emergency service. The service runs parallel to NHS direct and is a call centre based service where a team of dental nurses and dentists are available.

## Children's Services

We have continued with the modernisation of Nursing Services, establishing eight new integrated 0-16 child and Family Public Health Teams based at eight of our Health Centres.

They have been working together with the local Sure Start Team to deliver both universal and targeted services to local families who are in need of additional support. This work has been strengthened by our partnership working with both statutory and voluntary agencies, with a focus around the development of the local children's centres and extended schools, working towards the achievement of both national and local health outcomes for children. In April 2007 we successfully integrated the children specialist services back into Hounslow.

Other key achievements include:

- The appointment of a lead nurse for childhood obesity as part of the service re-design, which has progressed our work towards achieving a reduction in childhood obesity in the 4-11 age group by 2010, in partnership with the Local Authority.
- Two health visitors successfully achieving the Personal Health and Social Education Certificate in collaboration with the Local Authority to support our work around sexual health and teenage pregnancy targets.
- The agreement to base a Social Worker within one 0-16 team as a pilot (to start July 2007) to help address the early support issues of local families.
- The establishment of a new nursing team to support children who have complex health needs.
- Working with the local National Childbirth Trust and Sure Start Team to offer three Community Breast Feeding Support clinics.
- Working with local parents/carers to re-design our local child health clinics.
- The successful reintroduction of the school leaver booster campaign across our local secondary schools.
- The appointment of four community public health staff nurses to help deliver key public health targets and support the work of the Health Visitors – successful recruitment of four new health visitors.
- The integration of Health and Social Care in the highly successful Sure Start Team offering early support to local families.
- Strengthening links with our local Child and Adolescent Mental Health Service in order to provide more local advice and support to 0-16 teams.

We plan to progress ongoing work with the local authority and the vision of integrated working and co-location of services, and will continue to make our services 'Fit for Purpose' within the new health agenda.

## Child and Adolescent Mental Health Services (CAMHS)

We have been working with West London Mental Health Trust (WLMHT) and the local CAMHS Partnership Board towards meeting the standards set out in the National Service Framework for Children & Maternity (NSF) to ensure we are providing a comprehensive CAMHS service in Hounslow.

Hounslow CAMHS works with all children and young people aged 0-18th birthday and there are close working relationships between other children's service providers and Hounslow CAMHS that enable appropriate care and referral pathways for children facing emotional and mental health problems. Hounslow CAMHS offers a comprehensive consultation service to Health, Social Care and Education partners to ensure children with emerging mental health needs can be supported appropriately within their day-to-day settings.

We continue to work with the Local Authority to develop learning disabilities and mental health services and in the last year we have further developed a Challenging Behaviour Project to support the needs of this group of children and young people.

We are also jointly commissioning with Ealing, Hammersmith & Fulham PCTs, a new outreach service which will provide intensive community based support for young people experiencing mental health crisis. The intended outcome of this service is to reduce psychiatric admissions and to support and maintain young people and their families in the community wherever possible.

In the coming year we will be rolling out a CAMHS Training Programme across the children's workforce to increase mental health skills and knowledge within the borough. In addition, we are developing the early support provision for children with Attention Deficit Hyperactivity Disorder (ADHD).

## Learning Disabilities Services

The Joint Commissioning Manager for Learning Disabilities led a process that resulted in Adepta being awarded the contract to provide the care for seven residents with complex learning and physical disabilities.

Families were active partners in the process and were represented on the selection panel. They also joined staff and commissioners on visits to services being run by the organisations short-listed. Their contribution to this process was invaluable.

## Older People's Services

The Joint Commissioning Manager for Older People's Services developed an evidence based Commissioning Strategy which was supported by West London Mental Health Team and the London Borough of Hounslow. Public meetings were held throughout the borough to present the facts and the option and to answer queries and concerns. Given that one recommendation was to change the use of Brentford Lodge the Chair allocated specific time at the Board meeting for the Alzheimer's Society and Friends of Brentford Lodge to respond to the key questions.

# Working together

## Improving patient outcomes through Research and Development

The Trust receives research and development funding from the Department of Health and has achieved the highest ever rating of its activity in 2006/07. Work has continued to be directed toward improving services, in particular, evaluating our effectiveness in meeting health needs. The Trust is fortunate to be working with a locally based 'expert patient', Elaine Gay, in carrying out its research and development. Elaine has a scientific background and takes part in training events across London.

### Highlights include:

- **Pre-discharge home visits by occupational therapists**  
Older people discharged from hospital, and their carers, have been asked about the usefulness of the 'pre-discharge' visits to their homes carried out by occupational therapists. As a result, an action plan for increasing the effectiveness of the home visits has been drawn up.
- **'See and greet' nurse advice at the Accident and Emergency (A&E) department**  
People attending the A&E department at West Middlesex University Hospital and who saw the 'see and greet' nurse at A&E reception, have been surveyed about their views of this new service. The results have helped the Trust to develop the service further.
- **Teenage pregnancy**  
Interviews with pregnant teenage girls and fathers in the borough, have been carried out to try to understand more about the role that sex education plays in the decision making prior to pregnancy.
- **Patient referrals to hospitals by GPs**  
An analysis of the pattern of referrals from GPs to hospital out patient specialists, in different parts of the borough, has been carried out to understand more of the reasons for the variation in the rate of patients being referred on.
- **Education about diabetes with local South Asian communities**  
This is a project received very favourably among the South Asian communities in Hounslow with whom it has been planned.

## HMP Young Offenders Institution, Feltham

HMP Young Offenders Institution was awarded a Public Innovation Bright Ideas Better Practice Award in March 2007 for 'SPIRALS' – a game of choice. This was developed by the multidisciplinary team for clinical substance misuse patients. Some feedback from the young people/adults included:

*"When you play you learn, the questions make you think"*

*"I learned more about drugs where I'm going wrong"*

Regular family days are held at HMP YOI Feltham for the mental health inpatients. Feedback from one patient was that "it was nice to spend time with my mum" and one person's parents wrote a letter of thanks to the Governor.

HM Prisons Pilot Programme in partnership with Offender Health, Department of Health extended the Enhancing the Healing Environment Programme to include HMP YOI Feltham. The aim of the programme was to encourage and enable nurse led teams to work in partnership with service users to improve the environment in which they deliver care. The HMP Young Offenders Institution project will be led by the Associate Clinical Director.

## Expert patient programme

The 'Looking After Me' course for carers is based around the Expert Patient programme self management course and commissioned by the Carers Team, Social Services, London Borough of Hounslow. Participants said they found the course benefited them enormously, feeling more able to think about themselves, cope better with carers' behaviour and appreciate the support given by the other participants and tutors. The participants plan to continue to meet as a peer support group.

## PALS

Our Patient Advice and Liaison Service helped 3980 patients this year, providing advice and support to local people on all aspects of NHS services. Our Complaints

Department handled 65 complaints regarding Trust services and 90 complaints regarding independent practitioner or other services. Our Assignments Team successfully placed 1281 patients with a GP.

You can contact our PALS team on 0800 253 0676.

## Local partnership working

We continue to be actively involved with partner organisations with the aim of improving the lives of local people through the Local Strategic Partnership. One of the key successes of this forum has been the Local Area Agreement which sets specific health related targets such as: improve the control of TB and reduce transmission rates; reduce adult smoking rates; improve the health of children and young people with a focus on obesity, all of which are monitored by the government office for London.

## Public Patient Involvement

The PCT works with its Public Patient Involvement Forum, aiming to give patients, GPs and practice staff an opportunity to:

- meet
- exchange ideas and information
- identify any problems and take action to address them.

Our Public Patient Involvement Forum also works jointly with the West Middlesex University Hospital's Public Patient Involvement Forum and this year they have provided invaluable assistance with several important consultation processes such as the 'right care right place right time' initiative in the A&E department at West Middlesex University Hospital.

If you would like to become involved, please contact Bob Hardy King on Tel: 0845 1204306 or email: [forumsupport.inhouse2@cppih.org](mailto:forumsupport.inhouse2@cppih.org)

## Voluntary sector working

We have worked with, and fund some, voluntary sector organisations in Hounslow to support local residents meet their healthcare needs. In particular the PCT developed a partnership with Diabetes UK

whereby the Hounslow Voluntary Group carries out diabetes awareness initiatives.

This awareness activity aims to influence the general public, targeting those particularly at risk of developing diabetes to encourage them to make lifestyle changes to delay or hopefully prevent them developing type 2 diabetes. We also aim to raise awareness of the importance of early detection of diabetes by publicising the symptoms and encouraging screening.

The diabetes awareness activity included:

- A diabetes information desk at West Middlesex Hospital
- Stands at "Lifestyle Road Shows"
- Stands and village fairs
- Stands and collections at supermarkets
- Distribution of free literature
- Notice boards at West Middlesex Hospital and Health Centres
- Bi-monthly information talks held at Heart of Hounslow Centre for Health
- Bi-monthly newsletter
- Hounslow diabetes website
- Free diabetes information talks given by volunteers e.g. at the Civic Centre and at other events.

## Planning for emergencies

Emergency planning remains a key priority for Hounslow Primary Care Trust. We have a major incident plan that is reviewed regularly. We also have a training programme for staff and senior managers and carry out major incident plan exercises, in line with Department of Health's guidance.

We focus much of our development plans for specific emergencies such as a heat wave or a flu pandemic and have a comprehensive business continuity plan to cater for any disruption to health services. All of this work is carried out with partner organisations such as the local authority, London Ambulance Service, the Police and the London Fire Service.

# Valuing our staff

## Improving Working Lives

The Improving Working Lives Standard (IWL) is a blueprint by which NHS employers and staff can measure the management of its people. Organisations are kite-marked against their ability to demonstrate a commitment to improving the working lives of their employees. We maintained our Improving Working Lives practice plus status, which was a significant achievement for the PCT and due to the high standards set. The IWL validation team gave 10 examples of good practice that are currently being implemented in Hounslow PCT and were commended to other NHS organisations as worthy working practices.

## Pay modernisation

We have continued to work on Agenda for Change which replaced outdated pay scales and terms and conditions for staff and have successfully implemented this, achieving all local and national targets for completion.

Services continue to be reviewed and developed to provide a more effective service to the population of Hounslow and this pay modernisation programme supports this work.

## Staff Attitude Survey

This is the fourth year that the PCT has undertaken a survey to find out the attitudes of staff working in the organisation. This year 62% of staff participated in the survey. Staff attitudes are important as research shows that they affect patient care both directly and indirectly. Consequently after carrying out each survey the PCT takes action to address the issues raised and build on the good practice identified.

The majority (61%) of staff work in well structured teams and have a good quality of job design, with training and development to help them in their job role. Over  $\frac{3}{4}$  (77%) feel satisfied with the support they get from colleagues. We are building on this good practice by facilitating teams to undertake a year long

programme in team development. Teams are using this programme to either build on their good practice or to speed up team development in newly formed teams.

Staff reported that they need more feedback on how well they are doing in their job and what is happening in the PCT. 70% of staff say they work more than their contracted hours in order to meet their work demands. Physical violence (4% of staff) and abuse (21% of staff) continues to be a cause for concern. These and other communication issues will be addressed through the newly formed Model Employer Group so that staff are involved in identifying appropriate solutions.

## Involving all staff

We aim to provide our employees with information and consult them regarding the PCT. In addition to regular manager and staff briefings we publish a weekly Team Brief which is disseminated to all staff, as well as a monthly staff newsletter entitled "Your Trust". We have a bi-monthly communications group which meets to review the effectiveness of internal and external communications.

Hounslow Primary Care Trust believes that it is to the mutual benefit of the PCT and its employees that employees are represented by Trade Unions. Staff are encouraged by the PCT to join a Trade Union and work in partnership to approach industrial relations. In many cases, for example, Agenda for Change, this partnership approach has been absolutely essential to successful implementation and process. The Joint Consultative Committee meets approximately every six weeks to conduct consultations on matters affecting all or a substantial proportion of the PCT and employees. Once the minutes of the meetings have been ratified they are made available for all staff to access.

We have been awarded the "2ticks" symbol for our approach to the employment of people with disabilities. In addition, disability awareness training is offered to all our staff.

The Hounslow Diverse Network for NHS Staff brings together networks in the West Middlesex Hospital and Hounslow Primary Care Trust. The network aims to provide greater diversity throughout the NHS, bringing significant health, community and individual benefits to the local NHS and its staff.

All NHS employers are expected to demonstrate that they have a HR strategy to support service targets, and that the workforce reflects the local community as part of *Improving Working Lives*. This is also part of the Modernisation and Continuing Professional Development agenda.

Key initiatives for reducing inequality in the workplace include:

- Investing in more flexible, supportive and family-friendly working arrangements that will improve diversity
- Tackling discrimination and harassment in employment processes
- Developing skills of all its staff to improve patient services
- Developing successful careers and identifying Board level champions.

## Equality & diversity

Hounslow Primary Care Trust is committed to the values and policies that promote access to health care for everyone. We aim to treat people as individuals in accordance to their personal health needs and have been developing an equality and diversity strategy which aims to address for example:

- difficulties in getting access to primary care because of disability, language and cultural barriers
- greater burdens of disease on some communities, for example, greater prevalence of diabetes in some black and minority ethnic communities
- cultural differences in defining and managing illness

Patients who speak little or no English often rely on interpreters to communicate with their GPs and

other health professionals. Over 4,000 patients used professional interpreting sessions during the year. Refugees and asylum seekers often face difficulty in gaining access to primary health care. Health Advocates in Hounslow work to help overcome these difficulties and advise around 50 patients every month.

## Healthcare Commission declaration

The Annual Health Check replaces the old 'stars' system and uses 44 indicators to rate PCTs for both the quality of the services they provide and their use of resources. The report relates to our performance from April 2005 to March 2006 and since then we have gone on to make further improvements.

Hounslow PCT, which passed 22 of the Department of Health's 24 core standards, was among 59% of NHS primary care trusts rated 'fair' for the quality of services it provides. Our Tobacco Control service was rated 'excellent'.

The PCT was among 45.5% judged to have 'partly met' the Department of Health's existing national targets. It was given a 'weak' rating for its use of resources, reflecting ongoing financial difficulties that the PCT is already working to address with its turnaround plan.

The 22 Core Standards achieved included:

- keeping staff and patients safe by having hygiene systems in place to combat MRSA;
- ensuring clinical care and treatment are carried out under supervision;
- treating patients with dignity and respect and taking the views of patients, their carers and others into account when planning health services.

The PCT was judged to have failed two core standards. The first relates to a historic problem with Criminal Records Bureau checks for employees that has already been rectified and the second was over the archiving of patients' records, another area for improvement that is already being successfully addressed by the PCT.

## Financial overview

2006/07 was yet another challenging year for the PCT as we sought to contain our expenditure within the available resources, position ourselves to repay our accumulated debt and reduce the demand for more expensive hospital care for patients that could receive care in more appropriate ways.

A key factor in our in-year results was the 3% top slice (£7,763K) which was followed by a further £0.5m in the summer of 2006.

The PCTs turnaround plan produced substantial savings but these were masked by upward cost pressures in the acute hospital sector, particularly in emergency care, and also non acute activity because of commitments to long term placements.

A financially sustainable PCT is a pre-requisite of good health care for the people of Hounslow. Our key efforts are directed at living within our means and repaying our debt, a significant element of which will be cleared by the return of the top slices to which we have been subject in the last two years.

We have to create the financial headroom to deal with reduced levels of growth and increasing demands for care. At the core of this aim is the need to ensure that Hounslow residents receive care in the most appropriate way and that GPs through practice based commissioning have more say in how their patients are treated. We have a savings programme of £4.8m for 2007/08 and we have set aside £2.5m to enable our provider hospital to achieve the 18 week waiting time target.

Hounslow PCT is required to demonstrate that in managing its finances it has delivered upon a number of statutory duties:

Keep within revenue resource limit	Not met - the year end results show a year end deficit of £12.9m on its income and expenditure position
Keep within capital resource limit	Met

Achieve full cost recovery on provider activities	Met
Keep within cash limit	Met
Comply with Department of Health's Better payments policy	Not met – 90% of non NHS invoices are being paid within 30 days

### ALE ratings

Since 2005/06, NHS organisations have been subject to the Auditors Local Evaluation (ALE) rating on its financial management arrangements which form part of the Health Care Commission assessment. The results for 2005/06 and 2006/07 are shown below:

Clearly the results are affected by our financial situation but there are measures that we can and will take in the current year to improve the position.

	2005/06	2006/07
Financial standing	1	1
Financial reporting	2	2
Financial management	1	1
Internal control	2	2
Value for money	1	1

### Investing in health care facilities

The Heart of Hounslow Centre for Health opened its doors in February 2007 and the summer of 2006 saw the opening of the Feltham Centre for Health. These are significant developments that improve the infrastructure of primary care in Hounslow.

Expenditure on capital assets amounted to over £1.9m, predominantly used to buy computer related equipment and to further equip the new health buildings that opened in 2006/07.

# Financial statements 2006/07

## OPERATING COST STATEMENT FOR THE YEAR ENDED

31 March 2007

	2006/07 £000	2005/06 £000
<b>Commissioning</b>		
Gross Operating Costs	<b>292,410</b>	274,260
Less: Miscellaneous Income	<b>(5,397)</b>	(3,761)
Commissioning Net Operating Costs	<b>287,013</b>	270,499
<b>Provider</b>		
Gross Operating Costs	<b>18,074</b>	17,337
Less: miscellaneous income	<b>(3,887)</b>	(3,952)
Provider Net Operating Costs	<b>14,187</b>	13,385
<b>Net Operating Costs before interest</b>	<b>301,200</b>	283,884
Interest Receivable	<b>0</b>	0
Interest Payable	<b>0</b>	0
Net Operating Costs for the Financial Year	<b>301,200</b>	283,884

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED

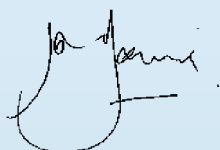
31 March 2007

	2006/07 £000	2005/06 £000
Fixed asset impairment losses	<b>0</b>	0
Unrealised surplus on fixed asset revaluations/indexation	<b>1,380</b>	799
Increase in the donated asset reserve and government grant reserve due to receipt of donated and government granted assets	<b>0</b>	0
Additions / (Reductions) in the General Fund due to the transfer of assets from/ (to) NHS bodies and the Department of Health	<b>0</b>	0
Additions / (Reductions) in "other reserves"	<b>0</b>	0
<b>Recognised gains and losses for the financial year</b>	<b>1,380</b>	799
Prior period adjustment - other	<b>0</b>	0
<b>Gains and losses recognised in the financial year</b>	<b>1,380</b>	799

**BALANCE SHEET AS AT  
31 March 2007**

	<b>31 March 2007 £000</b>	31 March 2006 £000
<b>FIXED ASSETS</b>		
Intangible assets	<b>0</b>	0
Tangible assets	<b>19,859</b>	17,659
Investments	<b>212</b>	212
	<b>20,071</b>	17,871
<b>CURRENT ASSETS</b>		
Stocks and work in progress	<b>0</b>	12
Debtors	<b>6,791</b>	6,535
Cash at bank and in hand	<b>0</b>	39
<b>TOTAL CURRENT ASSETS</b>	<b>6,791</b>	6,586
CREDITORS : Amounts falling due within one year	<b>(30,743)</b>	(18,669)
<b>NET CURRENT (LIABILITIES)</b>	<b>(23,952)</b>	(12,083)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(3,881)</b>	5,788
Creditors: Amounts falling due after more than one year	<b>0</b>	0
Provisions for liabilities and charges	<b>(4,653)</b>	(5,149)
<b>TOTAL ASSETS EMPLOYED</b>	<b>(8,534)</b>	639
<b>FINANCED BY:</b>		
<b>TAXPAYERS EQUITY</b>		
General Fund	<b>(16,892)</b>	(6,368)
Revaluation reserve	<b>8,358</b>	7,007
Donated asset reserve	<b>0</b>	0
Government grant reserve	<b>0</b>	0
Other reserves	<b>0</b>	0
<b>TOTAL TAXPAYERS EQUITY</b>	<b>(8,534)</b>	639

Chief Executive:



Date: 5 July 2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 March 2007**

	<b>2006/07 £000</b>	<b>2005/06 £000</b>
<b>OPERATING ACTIVITIES</b>		
<b>Net cash outflow from operating activities</b>	<b>(288,875)</b>	(298,852)
<b>SERVICING OF FINANCE AND RETURNS ON INVESTMENT:</b>		
Interest paid	<b>0</b>	0
Interest received	<b>0</b>	0
Interest element of finance leases	<b>0</b>	0
<b>Net cash inflow/(outflow) from servicing of finance and returns on investment</b>	<b>0</b>	0
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire intangible assets	<b>0</b>	0
Receipts from sale of intangible assets	<b>0</b>	0
Payments to acquire tangible fixed assets	<b>(1,960)</b>	(5,127)
Receipts from sale of tangible fixed assets	<b>10</b>	5,389
Payments to acquire fixed asset investments	<b>0</b>	0
Receipts from sale of fixed asset investments	<b>0</b>	0
Net cash (outflow) / inflow from capital expenditure	<b>(1,950)</b>	262
Net cash (outflow) before financing	<b>(290,825)</b>	(298,590)
<b>FINANCING</b>		
Net Parliamentary Funding	<b>290,786</b>	298,628
Other capital receipts surrendered	<b>0</b>	0
Capital grants received	<b>0</b>	0
Capital element of finance lease rental payments	<b>0</b>	0
Cash transfers (to)/from other NHS bodies	<b>0</b>	0
Net cash inflow from financing	<b>290,786</b>	298,628
(Decrease)/ Increase in cash	<b>(39)</b>	38

## EXTERNAL AUDIT

The PCTs External Auditors are KPMG. The total cost to the PCT for audit services relating to 2006/07 was £148K. The services related to the external auditors are shown in the Table below:

Service	£'000
<b>Audit Services:</b> the statutory audit and services carried out in relation to the statutory audit	92
<b>Audit of the Use of Resources:</b> this includes mandated ALERT review and locally determined reviews on Financial and Information Management.	45
<b>Audit Management</b>	11
<b>Total</b>	148

## MANAGEMENT COSTS

	2006/07	2005/06
<b>Management Costs (£'000)</b>	<b>6,207</b>	6,425
<b>Weighted Population (Number)</b>	<b>222,565</b>	223,880
<b>Management Cost per Head of Weighted Population (£)</b>	<b>27.89</b>	<b>28.70</b>

The PCT measures its Management Costs according to the definitions provided by the Department of Health.

## BETTER PAYMENT PRACTICE CODE-MEASURE OF COMPLIANCE

	2006/07	2006/07	2005/06	2005/06
	Number	£'000	Number	£'000
<b>Non-NHS Creditors</b>				
Total Bills Paid in Year	<b>19,763</b>	<b>39,124</b>	17,186	33,821
Total Bills Paid in Target	<b>17,874</b>	<b>34,554</b>	15,917	30,686
% Bills Paid within Target	<b>90.44%</b>	<b>88.32%</b>	92.62%	90.73%
<b>NHS Creditors</b>				
Total Bills Paid in Year	<b>1,908</b>	<b>176,540</b>	1,994	188,511
Total Bills Paid in Target	<b>1,331</b>	<b>167,108</b>	1,505	169,325
% Bills Paid within Target	<b>69.76%</b>	<b>94.66%</b>	75.48%	89.82%

The Better Payment Practice Code requires the PCT to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

## THE LATE PAYMENT OF COMMERCIAL DEBTS (INTEREST) ACT 1998

	2006/07	2005/06
	£'000	£'000
Amounts included within Interest Payable arising from claims made by businesses under this legislation	<b>0</b>	0
Compensation paid to cover debt recovery costs under this legislation	<b>0</b>	0

## Financial statements commentary

The financial statements for the year are presented as part of this annual report. They contain the Statement of Internal Control. They also explain how the PCT has used the resources which it has been allocated. The notes below highlight the more important aspects:

### i) Income from Activities

The main source of PCT funding comes from the Department of Health. The PCT provides services to both other NHS and Non NHS bodies for which it receives income. The main change in 2006/07 relates to income received for patient charges in respect of the new dental contract (£1.4m).

### ii) Gross Operating Costs

The PCTs gross operating costs have increased from £292m to £310m (6%). The key movements were:

- The cost of services provided by other NHS bodies mainly acute and mental health NHS Trusts has reduced by £2.6m, partly offset by an increase in costs with Foundation Trusts of £1.9m because some NHS Trusts have become Foundation Trusts in 2006/07.
- Contractor led General Dental Services (GDS) & Personal Dental Services (PDS) costs have increased by £8.8m because new dental contracts came in part way through last year and the 2006/07 costs relate to a full year of costs borne by the PCT.
- Board members costs have increased by £195k (29%). The Chief Executive was seconded to the London SHA for three months for which no contribution was received from the SHA costing the PCT £37K. The costs of the Acting Director of Public Health £71K have been included in this year's costs but not in 2005/06. There was a one off payment to the former Director of Commissioning in April 06 of £87K, which was approved by the Board and the PCT was required to appoint a Turnaround Director.

- Prescribing and Pharmaceutical costs have increased by £725K (3%) mainly due the high cost of prescription drugs.
- Establishment costs have fallen by £157K (13%). The major reductions are on advertising and printing.
- Expenditure on premises has increased by £521K. The main reasons for this are the lease rental payments on Feltham Centre for Health (£476K) and Heart of Hounslow Health Centre (£276K) which have commenced in 2006/07. There was a reduction in respect of a rate rebate on GP premises of £230K.

### iii) Management Costs

Management costs have decreased by £218K (3.4%) in year from £6,425K in 2005/06 to £6,207 in 2006/07. The reduction is mainly due to a freeze on vacant posts and the reduction in Shared Services recharge from Ealing PCT.

## PCT Priorities – past progress and looking ahead

The PCT is committed to delivering the plans set out in National Standards, Local Action, published in July 2004. Locally, this means:

- Achieving robust financial health
- Pushing forward the implementation of reform
- Addressing service priorities
- Addressing Standards for Better Health

During 2006/07 the PCT was part of the Department of Health's turnaround programme which focused on financial performance.

Progress and performance against the other priorities has been described elsewhere in this report.

These priorities are just as relevant for 2007/08. Underlying themes include:

- Tighter financial control and management through new structures of the Finance and Delivery Committee and the Project Management Office
- Driving further progress on Choose and Book and Practice Based Commissioning
- More services delivered in the community
- Working with acute hospital providers to achieve 18 week waiting time targets and maintaining A&E four hour waiting time
- Sexual health modernisation, including improved waiting times and screening for chlamydia

This work will only be successful if we continue to work closely with our partners.

At the time of writing the PCT is preparing its Commissioning Strategy Plan. The plan contains four high level initiatives that will set its agenda for the next five years:

- Developing unscheduled care services to ensure that emergency care is provided in the most appropriate setting, at the same time as establishing patient pathways for rapid access to specialist services within the best centres that London can offer.
- Developing planned healthcare services such that whatever does not require provision in a hospital is available at alternative locations and the patient stays in their hospital of choice for only as long as clinically necessary.
- Developing primary and secondary care maternity and associated paediatric services in conjunction with neighbouring PCTs.
- Addressing the historical financial pressures through structural and sustainable service portfolio changes and improvements, in order to support the pace of service development expressed in the other initiatives.

# Remuneration Report 2006/07

## a) Details of the membership of the Remuneration and Terms of Service Committee.

Christine Hay	Chair
Charanjit Ajitsingh	Non Executive
Sarah Cuthbert	Non Executive
Barbara Reid	Non Executive
John Foster	In attendance
Elizabeth Webber	In attendance

## b) Statement of the policy on the remuneration of senior managers for current and future financial years.

These are in line with Department of Health and NHS employees' recommendations which is then approved / not approved by the committee.

## c) Methods used to assess whether performance conditions were met and why those methods were chosen. If relevant, why the methods involved comparison with outside organisations.

There are no performance conditions currently attached as very senior managers pay scales are still awaited from the Department of Health.

## d) Explanation of relative importance of the relevant proportions of remuneration which are, and which are not, subject to performance conditions.

Not Applicable

## e) Summary and explanation of policy on duration of contracts, and notice periods and termination payments.

All contracts are permanent subject to three months notice.

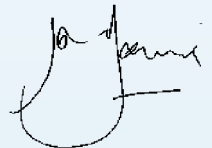
## f) Details of the service contract for each senior manager who has served during the year:

- Date of the contract, the unexpired term, and details of notice period;
- Provision for compensation for early termination; and  
None other than National and local regulations re redundancy etc
- Other details sufficient to determine the entity's liability in the event of early termination.

Not Applicable

## g) Explanation of any significant awards made to past senior manager.

Not Applicable



**John James**  
**Chief Executive**  
**5 July 2007**

**HOUNSLOW PCT ANNUAL ACCOUNTS 2006/07**  
**REMUNERATION REPORT - SALARIES AND ALLOWANCES**

Name	Title	2006/07			2005/06			Notes
		Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	
		£'000	£'000	£'00	£'000	£'000	£'00	
James J. Mr	Chief Executive	50-55	-	-	30-35	-	-	Nov 06 to Mar 07
Foster J. Mr	Acting Chief Executive	85-90	-	-	50-55	-	-	Apr 06 to Jan 07
Foster J. Mr	Director of Finance & Perf Mgmnt	15-20	-	-				Jan 07 to Mar 07
Simon Marshall	Director of Finance & Perf Mgmnt	-	-	-	0-5	-	-	Left 2005-06
Quentin Symington	Acting Director of Finance	40-45	-	-				Jul 06 to Jan 07
Dominic Tkaczyk	Interim Director of Finance		-	-	45-50	-	-	Left 2005-06
Meredith Collins	Interim Director of Finance	45-50	-	-	80-85	-	-	May 06 to Jul 06
<b>The Interim Directors of Finance were not on the payroll of the PCT and the amount disclosed is based upon payments made to the employing agencies.</b>								
Elizabeth Webber	Director of HR (Interim 2006-07)	60-65	-	-	65-70	-	-	Apr 06 to Jan 07
Nikki Hill	Acting Director of HR	10-15	-	-				Feb 07 to Mar 07
Kirstie McLachlan	SPMS Project Director	35-40	-	-	-	-	-	Oct 06 to Mar 07
Catherine Attlee	Director of Commissioning & Mod	5-10	85-90	-	65-70	-	-	Apr 06 only
Meredith Collins	Interim Director of Commissioning & Mod	120-125						Jul 07 to Jan 07
Sharon Daye	Acting Director of Public Health	70-75						Full year
Joanna Manley	Director of Therapy Services	75-80	-	-	65-70	-	-	Full year
David Quigley	Director of Healthcare Procurement	10-15	-	-	-	-	-	Feb 07 to Mar 07
Susan Jeffers	Director of Clinical Dev & Nursing	70-75	-	-	60-65	-	-	Full year
<b>The Interim Directors above were not on the payroll of the PCT and the amount disclosed is based upon payments made to the employing agencies.</b>								
Christine Hay	Chair	20-25	-	-	20-25	-	-	Apr 06 to Feb 07
Christopher Smallwood	Chair	0-5						Mar 07 only
Charanjit Ajitsingh	Non Executive Director	5-10	-	-	05-10	-	-	Full year
Chi Maher	Non Executive Director	5-10	-	-	05-10	-	-	Full year
Carman M.N.	Non Executive Director	5-10	-	-	05-10	-	-	Full year
Cuthbert E.S	Non Executive Director	5-10	-	-	05-10	-	-	Full year
Barbara Reid	Non Executive Director	5-10	-	-	05-10	-	-	Full year
Nicola Burbidge Dr	PEC Chair	25-30	-	-	25-30	-	-	Full year
John Edwards Dr	PEC Member	5-10	70-75	-	05-10	-	-	Full year
Laura Jackson	PEC Member/Head of PH Nursing	5-10	60-65	-	05-10	40-45	-	Full year
Irene Hathaway	PEC Member/Head of Adult Nrsng	-	-	-	05-10	-	-	Left PEC 2005-06
Pauline Fahy	Clinical Practice Co-Ordinator	5-10	45-50	-	05-10	30-35	-	Full year
Gorae Hardevinder	PEC Member	5-10	-	-	05-10	-	-	Full year
Talac Mahmud Dr	PEC Member	5-10	-	-	05-10	-	-	Full year
Greenwood MJ	PEC Member	5-10	45-50	-	05-10	30-35	-	Full year
Ho K Dr	PEC Member		-	-	00-05	-	-	Left Apr 06
Jenny Watson Dr	PEC Member		-	-	00-05	-	-	Left 2005-06
Garcha PS Dr	PEC Member		-	-	00-05	-	-	Left 2005-06
Mendel D. Dr	PEC Chair		-	-	00-05	-	-	Left 2005-06

**HOUNSLOW PCT ANNUAL ACCOUNTS 2005/06**  
**REMUNERATION REPORT - PENSION BENEFITS**

Name	Title	Real Increase in pension at age 60 (bands of £2500)	Lump sum at aged 60 related to real increase in pension (bands of £2,500)	Total Accrued pension at age 60 at 31 March 2007 (bands of £5,000)	Lump sum at aged 60 related to accrued pension at 31 March 2007 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2007	Cash Equivalent Transfer Value at 31 March 2006	Real increase in cash Equivalent Transfer Value	Employers Contribution to Stakeholders Pension	
		£'000	£'000	£'000	£'000	£'000	£'00	£'000	£'00	
James J. Mr	Chief Executive	<b>2.5 - 5.0</b>	<b>7.5 - 10.0</b>	<b>40-45</b>	<b>125-130</b>	<b>603</b>	<b>525</b>	<b>64</b>		Nov 06 to Mar 07
Foster J. Mr	Acting Chief Executive	<b>0 - 2.5</b>	<b>2.5 - 5.0</b>	<b>20-25</b>	<b>65-70</b>	<b>349</b>	<b>312</b>	<b>29</b>		Apr 06 to Jan 07
Simon Marshall	Director of Finance & Perf Mgmnt					-	<b>40</b>			Left 2005-06
Elizabeth Webber	Director of HR					-	<b>272</b>			Apr 06 to Jan 07
Catherine Attlee	Director of Commissioning & Mod					-	<b>235</b>			Apr 06 only
Joanna Manley	Director of Therapy Services	<b>0 - 2.5</b>	<b>0 - 2.5</b>	<b>20-25</b>	<b>60-65</b>	<b>259</b>	<b>228</b>	<b>25</b>		Full year
Susan Jeffers	Director of Clinical Dev & Nursing	<b>0 - 2.5</b>	<b>0 - 2.5</b>	<b>15-20</b>	<b>55-60</b>	<b>290</b>	<b>265</b>	<b>18</b>		Full year
Sharon Daye	Acting Director of Public Health			<b>15-20</b>	<b>45-50</b>	<b>238</b>				Full year
Quentin Symington	Acting Director of Finance			<b>15-20</b>	<b>40-45</b>	<b>193</b>				Jul 06 to Jan 07
Nikki Hill	Acting Director of HR			<b>5-10</b>	<b>20-25</b>	<b>82</b>				Feb 07 to Mar 07
David Quigley	Director of Healthcare Procurement			<b>20-25</b>	<b>60-65</b>	<b>290</b>				Feb 07 to Mar 07

## STATEMENT ON INTERNAL CONTROL 2006/07

### 1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

Accountability for the performance of the PCT ultimately lies with me, supported by the Board. We have responsibility for the delivery of a Local Delivery Plan for patient services, which puts into place at a local level the measures and standards required to meet national and local priorities.

I am responsible for ensuring that the PCT contributes fully to delivering the wider NHS Plan objectives for NHS London. The PCT routinely works in collaboration with NHS London, local NHS commissioning bodies, the Department of Health, and local authorities to continually improve the delivery of healthcare. As well as formal commissioning arrangements with NHS bodies and voluntary organisations, the PCT works closely with other local partners through the Local Strategic Partnership and in particular through the local area agreement.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Hounslow Primary Care Trust for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

### 3. Capacity to handle risk

The overall strategy of the PCT is to maintain systematic and effective arrangements for managing risks throughout the organisation, whether clinical or non-clinical, financial or organisational, so as to ensure that they are reduced to a minimum practicable level. An underlying Risk Management Strategy and Policy has been put in place, and the PCT reviews them on an annual basis. Progress is reviewed bi-monthly by the Integrated Governance Committee and quarterly through the Board Assurance Framework by the Board.

I, as Accountable Officer hold overall responsibility for all areas of risk management within the PCT. I am supported by:

- The Director of Quality and Healthcare Transformation, who holds executive responsibility for all areas of risk management with the exception of financial risks
- The Director of Finance and Performance Management who holds executive responsibility for financial risk management
- The Non Executive Chairs of the Audit and Integrated Governance Committees.

I rely on all Directors to be alert to risk assessment, management and reporting within their own areas, and in turn to ensure that their staff are alert to identify and report risks related to health and safety, patient care or the environment. The Department of Health, professional bodies and various regulatory bodies, such as the Health and Safety Executive all offer guidance on good practice. The Risk Management Policy and Strategy is widely disseminated and this is reinforced by workplace-based practices and training given at a local level. It is the policy of the PCT to provide a programme of training to ensure that all staff are able to meet their responsibilities as identified in the Risk Management Strategy and Policy. The Integrated Governance Committee, which incorporates senior level representation and reports directly to the Board, has a pivotal role in ensuring a consistent and comprehensive approach to clinical and corporate governance.

### 4. The risk and control framework

The risk and control framework is the PCTs overall system for identifying, evaluating and controlling those threats to the organisation's objectives. It relies on the following:

- The reporting of all incidents and serious untoward incidents
- The identification of all complaints and legal claims
- The identification of risks by means of the PCTs programme of self-assessment, audit and external assessment of compliance with relevant quality standards
- The maintenance of a comprehensive risk assessment programme, which includes grading risks, the maintenance of a register of risks, review of the risk, and a clear definition of the management level at which responsibility lies for either the acceptance of the risk or the implementation of control procedures
- The oversight of the above by the Integrated Governance Committee, and by the Audit Committee
- The formal submission of an annual risk management report to the Board summarising the operation of the risk management policy during the year.

The risk and control framework involves all staff. Each Director is tasked through their job description with ensuring the PCTs risk assessment programme is implemented, and special reporting software is accessible by all staff to enable regular updating of the risk register. They are also supported by a specialist team who collect, review and plan actions (in conjunction with clinical staff within their directorate) in response to:

- Adverse incidents/clinical risk issues (including CNST & Controls Assurance)
- Clinical audit issues
- Continual quality improvement
- Customer care

- Development of action plans (jointly with the PALS and Complaints team) following a complaint to prevent recurrence.

A process is in place to maintain and review the effectiveness of governance, internal control and risk management. Executive Directors manage the assurance framework surrounding their own areas. Internal Auditors review the effectiveness of the controls in place and report back to the Board through the Audit Committee, whose role is to review the maintenance of an effective system of internal control and risk management. The Integrated Governance Committee oversees and leads on all areas of risk management apart from financial risk, and shares information with the Audit Committee to facilitate its review. A Non Executive Director provides a link by sitting on both the Audit and Integrated Governance Committees, and minutes are shared between the two committees.

PCT officers attend all meetings of the Overview and Scrutiny Committee (OSC) even where there is no specific PCT related business. The PCT has regularly shared the financial challenges it faces and this year the OSC has been briefed extensively on infection control.

In addition monthly Board meetings are well attended by members of the public. They include relatives groups, charitable organisations, the Patient and Public Involvement Forum and other members of the public. They are given the opportunity to comment and contribute to the debate, after Board discussion, in relation to every agenda item. In this way they have been given exposure to Integrated Governance Committee minutes, Patient Advice and Liaison Service and Complaints reports, clinical governance reports, the Board Assurance Framework and risk register. They are actively encouraged to contribute and to raise other issues of concern at every meeting.

The following gaps in control/assurance have been identified through the core standards self assessment declaration:

- The PCT is unable to declare as 'met' the standard relating to systems that ensure that all reusable medical devices are properly decontaminated prior to use and that the risks associated with decontamination facilities and processes are well managed.
- The PCT has also been unable to declare as 'met' the standard relating to ensuring a systematic and planned approach to the management of records.

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

## 5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit opinion has provided significant assurance on the system of internal control, but has highlighted a number of areas that require improvement during 2007/08. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by reliance on the work of the Integrated Governance and Audit Committees, the work of the external auditors, the core standards self assessment declaration, and the regular review and updating of the Board Assurance Framework and risk register.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, and the Integrated Governance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The assurance framework is reviewed regularly by the PCT Board and the Integrated Governance Committee. In addition, the Audit Committee has reviewed the effectiveness of the system of internal control. Officers are invited to attend Audit Committee meetings where reviews highlight specific weaknesses in their areas of responsibility. This committee pays particular attention to the role and contribution that Internal Audit and Local Counter Fraud Services can make to the enhancement of control and assurance. The Board Assurance Framework has been given greater prominence at the Board and at executive meetings,

and the core standards self assessment declaration has been given extensive consideration within the risk and control framework.

Significant control issues that require specific disclosure are set out below together with actions either taken or proposed to address them:

### Decontamination

As indicated above the PCT was unable to declare the core standard as met. Hounslow PCT is part of a collaborative joint venture following the National Decontamination Programme. The project is at the invitation to submit final offer stage of procurement and is due to select a preferred bidder by June 2007. Centralised sterile services units are due to provide a compliant service from autumn 2008.

### Records management

This standard was also declared as 'not met.'

The key actions completed in 06/07 were:

- The setting up of a records management steering group
- The development of a comprehensive records management policy and information lifecycle management strategy across the PCT
- The implementation of a tracking process with particular regard to children's services
- The completion of a records management audit.

The actions still to be completed are to catalogue and label the backlog of records that are archived at the offsite storage company and to review the storage facilities on site in the PCT. The PCT Audit Committee is directly monitoring progress against this standard.

## The financial situation

The PCT exceeded its revenue resource limit by £12.9m during 2006/07. This in part was due to slippage in the turnaround plan, a failure to deliver some of the measures that it contained, and over performance of commissioned activities. A 2007/08 operating plan has been agreed (subject to external assurance) with NHS London that includes further measures to achieve in-year financial balance in 2007/08 and enables the PCT to repay its accumulated debt in the subsequent two years. Proposed cost improvement plans and demand management plans will be externally assessed. A restructuring has been implemented that strengthens the PCT's capacity and capability, and fitness for purpose. Additional appointments include a Director of Delivery charged with ensuring that our savings plans are delivered. A new Chair and a number of Non Executives have been appointed and a Finance and Delivery Committee established to monitor and scrutinise all the PCT's plans aimed at achieving a sustainable financial position.

The PCT will again achieve an overall score of one on the Auditors Local Evaluation (ALE) assessment. This score is driven by our results on Financial Standing, Financial Management and Value for Money. As a result, the auditor's conclusion on our arrangements to secure economy, efficiency and effectiveness in our Use of Resources has been qualified. Until the PCT manages to contain its expenditure within the Revenue Resource Limit for the year, it cannot improve beyond a score of one in Financial Standing. Our 2007/08 operating plan seeks to address this. We are currently in the process of putting together an action plan in order to address the scores of one within Financial Management and Value for Money, in addition to areas for improvement within Internal Control and Financial Reporting.

Dated: 5 July 2007

Signed: John James  
Chief Executive



## **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF THE BOARD OF HOUNSLOW PRIMARY CARE TRUST ON THE SUMMARY FINANCIAL STATEMENTS**

We have examined the summary financial statements set out above on pages 16 to 19. This report is made solely to the Board of Hounslow Primary Care Trust, as a body, in accordance with Section 2 of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board of Hounslow Primary Care Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hounslow Primary Care Trust and the Board of Hounslow Primary Care Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statements.

### **BASIS OF OPINION**

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

## **OPINION**

In our opinion the summary financial statements are consistent with the statutory financial statements of the PCT for the year ended 31 March 2007. Our opinion on the statutory financial statements was qualified as set out below:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the PCT's affairs as at 31 March 2007 and of its net operating costs for the year then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England; and
- As disclosed in Note 2.1 to the financial statements, the PCT exceeded the revenue resource limit specified by the Secretary of State under section 230 (1) of the National Health Service Act 2006 by £12,860,000. Except for the incurrence of expenditure in excess of the specified revenue resource limit, in our opinion in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
London  
10 September 2007

# Board Members (2006/07)

## Chairman

Christine Hay (retired February 2007)  
Christopher Smallwood (appointed 1 March 2007)

## Non Executive Directors

2006/07: Charanjit Ajitsingh (Vice Chair & Chair of Integrated Governance Committee), Sarah Cuthbert (Chair of Audit Committee), Mike Carman\*, Chi Maher\*, Barbara Reid.

\*= term ended 31 March 2007

## Executive Directors

John Foster Acting Chief Executive (until January 2007)

John James Chief Executive (returned January 2007)

Nicola Burbidge Professional Executive Committee Chair

Quentin Symington Acting Director of Finance (until January 2007), Deputy Director of Finance (from February 2007)

John Foster Deputy Chief Executive, Director of Finance (from February 2007)

Meredith Collins, Acting Director of Finance (until July 06)/Acting Director of Healthcare Procurement (until January 2007)

Catherine Attlee Director of Commissioning & Modernisation (until April 2006)

Dr Sharon Daye Acting Director of Public Health

Sue Jeffers Director of Clinical Development & Nursing

David Quigley Director of Healthcare Procurement (from February 2007)

## Other Directors (non voting)

Christopher Simpson Director of Turnaround (until March 2007)

Joanna Manley Director of Therapy Services/  
Director of Provided Clinical Services

Kirstie McLachlan SPMS Project Director

Elizabeth Webber Director of Human Resources & Organisational Development (until January 2007)

Nikki Hill Acting Director of Resources & Organisational Development (from February 2007)

## In 2006/07 the Board had the following Sub Committees

Professional Executive Committee  
Chair, Dr Nicola Burbidge

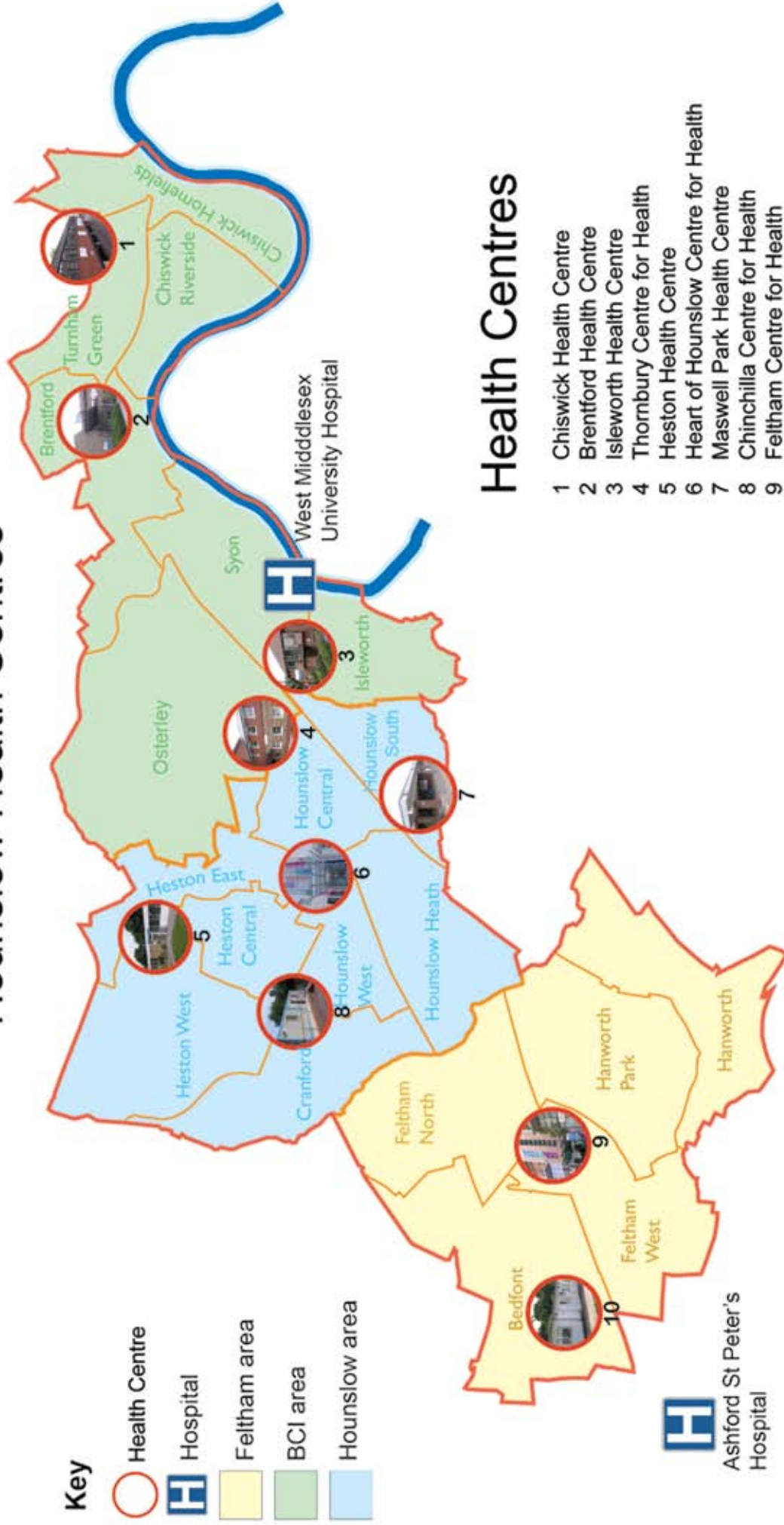
Audit  
Chair, Sarah Cuthbert

Remuneration & Human Resources  
Chair, Christine Hay/Christopher Smallwood

Integrated Governance Committee  
Chair, Charanjit Ajitsingh

Health & Social Inclusion  
Chair, Chi Maher

# Hounslow Health Centres



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