

**HEREFORDSHIRE PUBLIC SERVICE TRUST**  
**SUPPLEMENTARY REPORT TO APPENDIX IV**  
**PUBLIC SERVICE TRUST ARRANGEMENTS**  
**CHIEF EXECUTIVE APPOINTMENT**

**Purpose**

1. The purpose of this report is to provide supplementary information in relation to the report on the Chief Executive appointment contained at Appendix iv. This follows a meeting with the external auditors of the PCT and the Council, together with the legal advisers to the Audit Commission which was held on Tuesday, 18th September, 2007. There were two principal issues in relation to which the Audit Commission felt that the Council and PCT should receive further and continued advice.

**The Issues**

2. The legal advisers to the Audit Commission pressed the need for clarity in relation to the accountability where a Chief Executive is the accountable officer in respect of the PCT and as Head of Paid Service (Chief Executive) of the Council. The Chief Executive would be employed by the Council until the completion of the initial Partnership Agreement, although there would be the opportunity in the development of that Agreement to ascertain the advantages and disadvantages of seeking to engage the Chief Executive under the provisions of Schedule 18 of the NHS Act 2006 which is referred to at the fourth bullet point of paragraph 4 of the principal report. This is supported by the Job Description and Person Specification which have been approved by the Appointments and Contracts Review Panel of the Council and the Remuneration Committee of the PCT, being the bodies responsible respectively within the Council and the PCT. The Strategic Health Authority (SHA) has been directly involved in the appointment. The legal advisers to the Audit Commission have indicated the need to establish a means of resolving the potential situation that might arise if there was a different view of the performance of the Chief Executive between the PCT and Council. This had been highlighted as one of the issues that would need to be covered in the Partnership Agreement but the legal advisers to the Audit Commission are concerned that the parties should be clear as to the potential resolution of such a difficulty should it arise before the completion of the Partnership Agreement. There are a number of ways in which such an issue could be addressed in the short term, and this will need to be resolved in the context of the appointments process.
3. The second issue on which the legal advisers to the Audit Commission made enquiry was in relation to paragraph 12 and the issue of conflicts of interest. It is an issue which they felt had only been partly covered in the course of paragraph 12. Again, this is an issue which would need to be covered in the Partnership Agreement and in a way that involved having a conflict resolution process in relation to the much wider area of activity which it is envisaged would be developed between the parties. The period of risk is therefore only the period which follows the appointment until the completion of the Partnership Agreement. The Audit Commission was unable to evidence any practical examples of conflicts of interest, either constructed or drawn

from the examples elsewhere nationally where senior posts within the local authority and the PCT had been combined. The reality is that if conflict of this nature was to arise then the likelihood is that the parties would be unwilling to conclude a Partnership Agreement.

Nevertheless, it is advised that we do carry out some additional work to establish a process for resolving such conflicts on a precautionary basis should they arise.