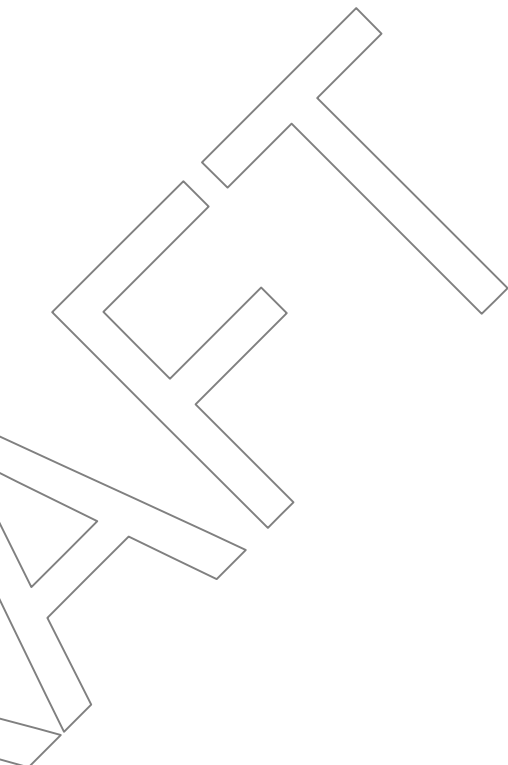


Performance Project Brief

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# **Public Service Trust**

**Herefordshire Council and Herefordshire PCT**

**Audit 2007/08**

- Audit Commission descriptor to be inserted by Publishing-

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Author Clive Mitchell

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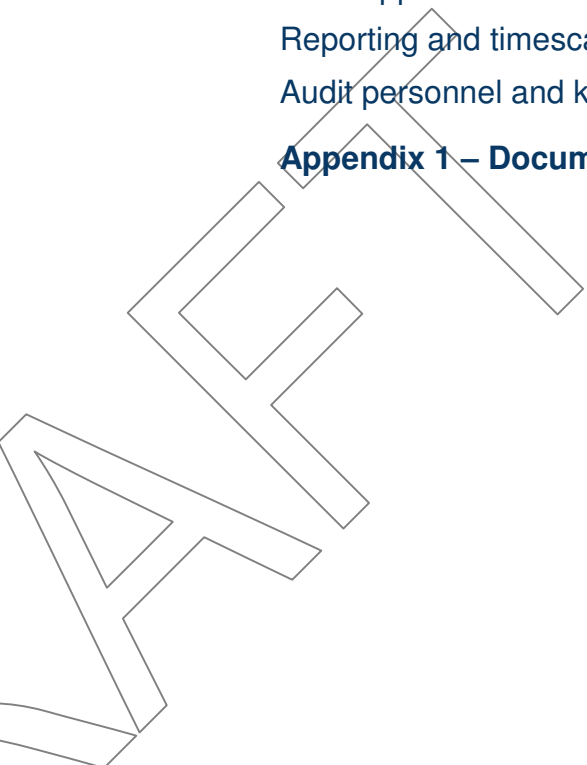
Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

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# Contents

Introduction	4
Background	4
Scope and objectives	5
Audit approach	6
Reporting and timescales	6
Audit personnel and key contacts	7
<b>Appendix 1 – Document request</b>	<b>8</b>



## Introduction

- 1 This project brief sets out the background, scope and timescales for an audit of proposed Public Service Trust arrangements in Herefordshire.

## Background

- 2 Herefordshire Council and Herefordshire Primary Care Trust (PCT) are proposing an enhanced form of partnership working between the two organisations, aimed at using their joint resources to more effectively commission public services. They are proposing to set up a Public Service Trust, which would constitute a joint board, with a single integrated management team for both organisations.
- 3 The Public Service Trust will not be a separate legal entity. The PCT and Council would still remain as separate, statutorily responsible bodies, but they would in practice delegate their commissioning functions to the joint board. The proposal is to utilise powers contained in Section 75 of the National Health Service Act 2006 to significantly extend the current pooled budget and joint working arrangements. For services which fall outside the scope of statutory pooling arrangements, the intention is still to work wherever possible within the integrated management structure to commission these services.
- 4 The Public Service Trust would include the commissioning and public health functions of the PCT, along with a wide range of Council functions, such as adult and community services, children and young people's services, housing, leisure and environmental services. At this stage the 'provider' functions of the PCT - such as community hospitals, district nursing and mental health provision - would be outside the scope of the Public Service Trust.
- 5 The stated benefits of the Trust would be:
  - a more integrated and holistic approach to commissioning public services, focused around the needs of local people,
  - better value for money, by achieving savings on management costs via a single management structure, and
  - safeguarding local public services in Herefordshire.
- 6 The proposals are innovative and have already attracted national attention. The longer term aspiration is to support the development of legal powers which would enable the further integration of the two organisations.
- 7 The Council and PCT are currently (as at July 2007) undertaking a public consultation exercise on the proposals for the Public Service Trust, which ends on 31 July 2007. Depending on the outcomes from this consultation, the Council and PCT are planning to have interim arrangements in place before the end of 2007, with the Public Service Trust established from April 2008.

- 8 Whilst the proposals for the Public Service Trust represent significant opportunities for better local services, they also constitute significant risks for both organisations, particularly in ensuring that robust and legal governance arrangements are established, and in managing the transition effectively within the timescales. There are significant audit risks associated with the proposals, and we have accordingly agreed to undertake this early audit with both the Council and PCT.

## Scope and objectives

- 9 In order to discharge our duties under the audit Code of Practice, we will carry out a high level 'diagnostic' audit which will seek to answer the following key questions:

### Strategy and Leadership

- Are the Council and PCT clear about what they are aiming to achieve with the Public Service Trust ? Are the vision and objectives fully embraced by executive and non-executive leaders ?
- Is there clarity about the intended benefits for service users and for both organisations ? Have benefits and costs been quantified, for example on efficiencies and value for money?
- Is a robust partnership agreement being developed ?
- Do the Council and PCT have the strategic capacity and leadership to take the Trust forward ?

### Transition planning

- How effective are the programme and project management arrangements for developing the Trust ?
- Are the Council and PCT clear about what needs to be done, by when, to develop the Trust ?
- Do the Council and PCT have the capacity to effectively deliver the Trust on time ?
- Have the risks been fully evaluated and appropriate mitigation put in place ?
- Are the consultation arrangements appropriate, timely and inclusive of all groups including those difficult to reach ?

### Finance and Governance

- Are proposed governance arrangements clear and robust, and is there clarity about the legality of these arrangements ? To what extent will governance arrangements be streamlined ?
- Are proposed financial and performance management arrangements, and accountabilities, clear and robust ?

- Are clear arrangements being developed to ensure the Trust has access to robust and timely financial and performance management data ?

### **Information management and technology (IMT)**

- Are the Council and PCT clear about the implications for IMT systems ? Are robust arrangements in place for managing these implications, for example on information governance, sharing data, procurement and asset utilisation ?
- How will the Trust arrangements fit with existing ICT programmes, such as Herefordshire Connects and HIS ?

### **Staffing issues**

- Are the Council and PCT clear about which services will be affected and how they will be affected ?
- Is there clarity about how existing posts and existing staff terms and conditions will be affected, and how this will be managed ?
- Are legal issues relating to employment and responsible officers clear and robustly addressed?
- Is there effective communication and engagement with staff regarding the changes?

- 10 We will not be undertaking a detailed analysis of proposed arrangements at this stage. Also, we will not be undertaking any due diligence work on behalf of either the Council or PCT.

### **Audit approach**

- 11 We will carry out this audit by reviewing documents and interviewing key people from both the Council and PCT, including councillors and PCT Board members.

### **Reporting and timescales**

- 12 Given the proposed timescales for proceeding with the Public Service Trust, we will commence our fieldwork as soon as possible and we will aim to provide the Council and PCT with an interim report back by the end of August 2007. This will be dependant on the Council and PCT assisting us with timely access to key documents and ensuring access to relevant people for interviews.
- 13 It is unlikely that we will have completed our fieldwork by the end of August, and therefore our feedback at that stage will be interim. We will agree the format of this feedback with the Council and PCT Chief Executives.
- 14 On completion of the audit, we will provide a written report of our findings, and any recommendations, to both audited bodies.

## Audit personnel and key contacts

Audit Commission staff involved in the work will be.

Terry Tobin	Audit Manager
Zoe Thomas	Audit Manager
Ailsa Bell	Area Performance Lead
Clive Mitchell	Performance Specialist
Christine Colls	Principal Auditor

The contacts from the authorities will be.

Neil Pringle	Chief Executive, Herefordshire Council
Tamar Thompson	Acting Chief Executive, Herefordshire PCT
Sonia Rees	Director of Resources, Herefordshire Council
Marcia Pert	Acting Director of Finance, Herefordshire PCT

## Appendix 1 – Document request

- 1 We would be grateful if you could provide us with the following documents, **by Friday 3rd August 2007**. Wherever possible, please provide documents electronically. We may require additional documents as the audit proceeds, and we will advise accordingly:
  - Reports to Cabinet and Board regarding the Public Service Trust (PST)
  - Reports setting out intended benefits and costs of the PST, including anticipated efficiencies, impacts on service users and value for money
  - Details of any draft partnership agreements for the PST
  - Details of programme and project management arrangements for developing the PST, including progress reports
  - Documents showing how risks associated with the PST are being managed and mitigated
  - Details of consultation undertaken for the PST, and outcomes
  - Documents setting out details of the proposed governance arrangements for the PST, including decision making, responsible officers, financial and performance management, and scrutiny, and how these will relate to on-going governance of the Council and PCT
  - Documents clarifying the legality of proposed PST arrangements
  - Details of arrangements for information management and governance under the PST, including data quality, sharing data, procurement and utilising ICT assets
  - Documents setting out how the PST will fit with existing ICT programmes, such as Herefordshire Connects and HIS
  - Documents setting out how existing service and staffing structures will be affected and how the transition will be managed.