Westminster Primary Care Trust  
Governance Statement 2012-2013  
(Draft at 10 March 2013)

1 Introduction
As Accountable Officer of the PCT I have prepared this statement in accordance with the guidance laid out in Managing Public Money annex 3.

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 a Board made up of both Executive and Non-Executive Directors. Together we have responsibility for the development and delivery of the annual Operating Plan which puts into place at a local level the measures and standards required to meet national and local priorities for healthcare in Westminster.

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 the local Clinical Commissioning Groups, NHS London, NHS North West London, other local NHS commissioning bodies, the NHS Commissioning Board, the Department of Health, the London Borough of Westminster and other local authorities, Local Involvement Networks (LINks) and Patients’ Groups to continually improve the delivery of healthcare for the people of the area.

Governance Framework – NHS North West London
The PCT is part of a group of eight constituent PCTs which make up the NHS North West London Cluster which is the largest group of Primary Care Trusts in London with a population of 1.9 million and a budget of £3.4 billion which represents 24% of health expenditure in London. The 8 PCTs collaborate as: Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon, Hounslow, Kensington and Chelsea and Westminster.

The governance arrangements from 1st April 2012 to 31st March 2013 changed from the previous year in line with the Department of Health guidance for PCT clustering. With effect from 1 April 2012 the 8 PCTs which comprise NHS North West London Cluster have had a membership in common and have met in common, in practice operating as a single NWL Cluster Board. The 8 PCTs continue to retain their statutory accountability for all duties, functions and responsibilities under NHS regulations and take decisions relating to individual PCTs where required by the relevant regulations. These arrangements were ratified at the Boards’ meeting in common on 10 April 2012 and incorporated into a set of Standing Orders, Standing Financial Instructions and Scheme of Delegation (listed on the website www.northwestlondon.nhs.uk ). There is a single Accountable Officer for the eight PCTs, the Chief Executive Officer Dr Anne Rainsberry, and the Boards’ Chairman is Jeff Zitron.

The following is the membership of the Cluster Board together with the attendance record at formal Board meetings:-

Chairman: Jeff Zitron (7/7)

Non-Executive Directors
Trish Longdon (5/7)  
Elizabeth Rantzen (6/7)  
Fergus Cass (7/7)  
Sarah Cuthbert (6/7)
Executive Directors

Anne Rainsberry: Chief Executive (7/7)
Daniel Elkeles: Director of Strategy/Chief Officer designate, CWHH CCGs (6/7)
Rob Larkman: Chief Officer designate BEHH CCGs (from 1 October 2012) (2/3)
Clare Parker: Director of Finance, CWHH CCGs (from 1 October 2012) (3/3)
David Slegg: Director of Finance (until 30 September 2012) (4/4)
Jonathan Wise: Director of Finance, BEHH CCGs (from 1 October 2012) (3/3)
Simon Weldon: Director of Commissioning and Performance (until 30 September 2012) (3/4)
Mark Spencer: Medical Director* (6/7)
Andrew Howe: Director of Public Health* (6/7)
Denise Chaffer: Director of Nursing* (until 30 June 2012) (2/2)
Jonathan Webster: Acting Director of Nursing* (from 1 July 2012) (5/5)

Board Performance

A survey of Board members was carried out at the end of 2011/12, which included positive feedback on the chairing and administration of the meetings. The main concerns expressed were over the quantity of business in the context of the rapid change underway in the NHS. During 2012/13 the Board kept its business and governance arrangements under constant review in response to these concerns. The Board has supported the implementation of an Interim Operating Model and has increasingly relied on the CCG Committee and its Sub Committees as they have moved towards authorisation.

Training for Board members has been carried out through Board Seminars and executive and non executive away days that are held on a regular basis. At these sessions members were briefed on areas relevant to the work of the PCTs which included interactive workshops for member participation into risk management (including a session on risk appetite), Shaping a Healthier Future and transition to the new NHS.
Governance Framework

The Cluster Board has established the following committees between the 8 PCTs:

- Joint Audit
- Joint Quality and Clinical Risk
- Joint Information Governance
- Joint Finance and Performance
- Joint Remuneration
- Joint Clinical Executive
- Joint Health and Safety

The Cluster Board also established in May 2012 a joint committee of the 8 PCTs in North West London with Camden PCT, Richmond PCT and Wandsworth PCT to take decisions on *Shaping a Healthier Future* a programme set up to improve healthcare for the 1.9 million people in North West London.

The PCT has established Central London CCG

In addition, the Cluster has set up working groups and units:

- Decision Making Group – a group with a common membership which acts for the PCT in accordance with the regulations on GP and practitioner performance management
- Independent Funding Group – decision making body for considering funding for individual patients whose clinicians are recommending forms of treatment that are outside the services commissioned through the Local Operational Plan process
- Delivery Support Unit – leadership of extensive QIPP plan across the eight PCTs
- Patient and Public Advisory Group – eight Local Involvement Network Groups Chairmen with the Chairman of the Group nominated and agreed by the Cluster Board as an official observer with rights to speak and contribute to the Cluster Board part 1 meetings.

Terms of Reference have been adopted by the Cluster Board for each of the Committees with a Non Executive Chairman leading the work of each, with the exception of the Information Governance Committee, led by the Head of Corporate Affairs, the Clinical Executive Committee, led by the Medical Director and the CCG Committee led by a GP Chair elected by members. In the light of the handover and transition to the new governance arrangements from April 2013 as determined by the Health and Social Care Act 2012, the Board has kept the Committees and their terms of reference under review during the year. Since September the Governance Framework has been supported by an Interim Operating Model of management designed to deliver in-year objectives and smooth transition to the new arrangements.

Committee Functions and Performance

The following is a summary of the Committee functions and performance:

Joint Audit Committee

The Committee has been established in accordance with the guidance in the NHS Audit Handbook. It reviews the financial management, governance, risk management and internal control in the PCTs and ensures they are adequate and effective. The Audit Committee has met 7 times during 2012/3 and at its initial meeting considered audit planning, priorities, working methods and the internal audit programme for the year. Regular reports have been received on the overall financial position, risk management, counter fraud, internal and external audit and transition. The Committee paid particular attention to receiving assurance on the Board Assurance Framework, transition and handover and closure arrangements. In addition, the Committee received reports on IT, the Integrated Care Pilot and the review of recommendations from the NHS London report into
NHS Croydon. At its final meeting the Committee agreed its Annual Report to the Board on its work during the year and reviewed the second draft of the Annual Governance Statement.

**Joint Quality and Clinical Risk Committee**

The Committee keeps under review and requires assurance on issues affecting the quality of services commissioned across NHS North West London, including patient safety, clinical effectiveness and patient experience. The Quality and Clinical Risk Committee has met 6 times during 2012/3 and received regular reports on quality (quality exception reports), quality and clinical risk register, serious incidents and never events, revalidation, Organisational Health Intelligence reports, transition and handover and closure. The Committee has paid particular attention to receiving assurance on action to improve clinical quality at Imperial College Healthcare NHS Trust and the handover and closure of quality and safety in accordance with the guidance issued by the National Quality Board. In addition, the Committee received reports on looked after children in Brent and Harrow, the “Savile” case and the Mid Staffordshire Inquiry.

**Joint Information Governance Committee**

The Joint Information Governance Committee is a standing group accountable to the North West London Cluster Executive Team. Its purpose is to support and drive the broader Information Governance (“IG”) agenda and provide assurance that effective IG best practice mechanisms are in place within the North West London Cluster. The Information Governance Committee has met 8 times during 2012/3 and was reconstituted during the course of the year in response to changing circumstances. Information governance risk was managed by reviewing progress towards IG toolkit submission reinforced by audit. Regular reports were received on policies, the risk register, transition and records management.

**Joint Finance and Performance Committee**

The Committee undertakes performance monitoring and oversight of Cluster-wide non-clinical objectives to ensure that appropriate progress is made across NHS North West London. It ensures that progress is coordinated effectively and coherently between the Cluster (8 PCTs) and the 8 Clinical Commissioning Groups (established as Committees of the relevant PCT) without unnecessary duplication. It supplements the work of the Audit Committee, which will ensure that the statutory and regulatory requirements of the PCT functions are independently reviewed and assured. The Finance and Performance Committee has met 6 times during 2012/3 and received regular reports on progress against finance and performance targets, risk register, transition and handover and closure. It paid particular attention in the early part of the year to CCG Recovery Plans in the context of the Integrated Commissioning Plan.

**Joint Remuneration Committee**

The Committee keeps under review remuneration and terms of service policy in NHS North West London and ensures that there is a consistent and fair approach to its application. The Remuneration Committee has met 13 times during 2012/13 either in person or electronically in accordance with its terms of reference. The prime focus of its work has been on employment and contractual issues relating to the transition to the new NHS with effect from 1 April 2013. The Committee has considered a number of business cases for redundancy on grounds of organisational change and referred decisions to NHS London for ratification.

**Joint Clinical Executive Committee**

The Committee provides strong clinical leadership in developing a clinically robust and sustainable commissioning strategy, supporting the development of clinical commissioning, assuring clinical quality and leading communications with stakeholders. The Clinical Executive Committee has met on a bi-monthly basis throughout the year. Its main focus of work has been in supporting emerging CCGs through the authorisation process and providing clinical input to the strategy.
Shaping a Healthier Future in North West London. The Committee has also paid particular attention to the improvement of clinical care at Imperial College Healthcare NHS Trust and to the London Cancer Programme.

Joint Health & Safety Committee

The Committee keeps under review and require assurance on issues affecting the health and safety requirements across NHS North West London Cluster. The Health and Safety Committee was established during the year and has met 6 times during 2012/3. The focus of its work during the year has been to assure itself that the PCT meets its health and safety responsibilities, taking account of commissioned external reviews. It has reviewed fire, health and safety and carbon reduction policies prior to endorsement by the Board. The Committee has received regular reports on serious incidents, the risk register, implementation of mandatory training and premises assessment. It has also received reports on the handover and closure of estates.

Central London Clinical Commissioning Group Committee

The Committee:-

a) undertakes the commissioning functions for the practice patients of the members of the Group, and for those resident in the area of the CCG who are not practice patients of any other CCG for services commissioned on a practice patient basis; and commissions services required to be provided on an open access basis for all persons resident in the area of the CCG
b) develops close links with the Borough of Westminster and participates in the development of joint strategic needs assessment for the borough and contributes to the Health and Well being board
c) prepares the members of the Group for the submission of an application to the National Commissioning Board for Authorisation
d) carries out such other functions as are required under the Accountability Agreement for the purpose of developing the competencies of a Clinical Commissioning Group.

The Clinical Commissioning Group has met [x] times during 2012/3 and its prime focus has been complying with national guidance in order to become authorised as a legal entity with effect from 1 April 2013. A substantial part of its work has been the development of its constitution and governance arrangements, while at the same time discharging the commissioning responsibilities delegated to it by the Board. It has set up its own Sub Committees to match key Cluster Committees in preparation for taking on its own statutory responsibilities with effect from April 2013.

Handover and Closure

The Board has kept its arrangements under review throughout the year to ensure that they continue to address the following hierarchy of priorities in accordance with national guidance:-

1. Business as usual
2. Handover and Closure
3. Establishment of new arrangements

The Board agreed to retain its existing committee structure but implemented an Interim Operating Model which ensured that there were clear accountability arrangements to secure in-year delivery and transition to the new system. The arrangements were formalised with changes to the membership of the Board with effect from 1 October 2012. Handover and closure has been led by the Transition Director and supported by a Handover and Closure Operational Group (Star Chamber) comprising the leads of all the transition workstreams. Regular reports on progress on handover and closure have been received at the Board, Audit Committee and Quality and Clinical Risk Committee. A Handover and Closure Risk Register has been maintained and feeds into the Board Assurance Framework (BAF) in the same way as other risk registers.
The BAF has been shared with the emerging CCG, so that it could inform the development of the CCG’s own risk management arrangements and BAF. The Board agreed in September that the Accountable Officer (designate) should review the CCG BAF and risk registers (including scrutiny of the BAF) and agreed that the CCG BAFs and Risk Registers would be reported to the relevant PCT Committee, so that assurance could be provided to the Board. The Audit Committee has followed the development of the CCG BAFs and gained assurance that the emerging arrangements are likely to prove adequate and effective.

At Board and Committee level, the risk registers have been made available to the CCGs so that they can determine their own risk management arrangements. The PCT has adopted a practice of using handover certificates to formalise the handover of functions to successor bodies. The certificates include provision for the identification of outstanding issues and any risks which could impact on delivery in future if not adequately mitigated. These are designed to act as a trigger for discussion at handover meetings with receivers. This process gives the receiving organisation the information with which to assess risks against its own risk appetite and risk management strategy.

**Framework for Financial Closedown**

In accordance with national guidance, arrangements have been put in place for financial closedown. This includes:-

- preparation and sign off of PCT accounts for 2012/13;
- support for the completion of the Department’s resource account;
- transfer of closing balances to residual organisations;
- management of local discharge of balances transferred to the Department;
- management of payroll queries and other related payroll issues; and
- handover of residual balances managed on behalf of the Department.

The PCT Chief Executive and Director of Finance have both secured posts in successor bodies and will retain responsibility for financial closedown and the Accounts. Staff resources have been secured to secure effective accounts preparation by means of agreement with successor organisations for staff who have secured employment and by means of staff appointments under the Retention and Exit Terms Scheme. In addition, staff resources have been identified to transfer to, or be available to, the Legacy Management Office.

For scrutiny and audit existing arrangements for both internal and external audit encompass the work associated with reviewing financial closedown and the completion of final accounts. All current Audit Committee members, whether they have role in the new system or not, have been asked and have agreed to become members of an Audit Sub-Committee of the Department of Health Audit and Risk Committee to support the final accounts process.

**Compliance with Corporate Governance Code**

The Board of the PCT meets in public and publishes Board Papers, agenda and minutes on their websites. The Board adheres to the “Nolan Principles” setting out the ways in which holders of Public Office behave in the discharge of their duties and as a guiding principle for decision making. The principles adopted by this Board are:-

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership
As a central part of the NHS the Board affirms its commitment to the rights and values set out in the NHS Constitution and the seven key principles that guide the Board in all its actions:

- The NHS provides a comprehensive service available to all;
- Access to NHS Services is based on clinical need, not an individual’s ability to pay;
- The NHS aspires to the highest standards of excellence and professionalism on the provision of high-quality care that is safe, effective and focussed on the patient experience;
- NHS services must reflect the needs and preferences of patients, their families and carers;
- The NHS works across organisational boundaries and in partnership with other organisations in the interest of patients, local communities and the wider population;
- The NHS is committed to providing best value for taxpayer’s money and the most cost-effective, fair and sustainable use of finite resources;
- The NHS is accountable to the public, communities and patients that it serves.

Discharge of Statutory Functions

An integral part of transition has been the reconciliation of the statutory functions of the PCT and their destination after the end of March 2013. The PCT has used legal advice to establish the definitive list of statutory responsibilities and established a tracker to ensure that each function is transferred appropriately. In doing so, the PCT has established that no irregularities have been identified and has assured itself that it is legally compliant. In NHS continuing care doubts have been raised about the appropriate interpretation of the legislation in individual cases and the PCT is following the national process to review outstanding cases.

Risk and Control Framework

The following is a summary of the Cluster risk management strategy:

The Cluster Risk Management Strategy, agreed by the Cluster Board in November 2011, is embedded in the normal management processes and structures and encouraged by a responsible culture. The Risk Management Strategy promotes the philosophy of integrated governance and requires all risk management to be systematic, robust and evident. It requires that risk management processes are applied to business planning at all levels and that risk management issues should be communicated to key stakeholders where necessary. The Strategy covers quality, clinical, organisational and financial risk, and identifies the key management structures and processes defining objectives and responsibilities within the Cluster. The principles of this Strategy are consistent with the Cluster key priorities – patient safety and staff management.

Implementation of the Risk Management Strategy is co-ordinated and monitored by the Cluster Executive Team. The Strategy is supported by a NWL Risk Management Process which clearly describes the processes that the Cluster has put into place in order to adequately manage risk. Since April 2012 there has been a coherent and consistent approach across all 8 PCTs in the Cluster and in May the Board reviewed its appetite and tolerance for risks. The process ensures that the highest risks appear on the Board Assurance Framework with a systematic approach to lower risks. The process ensures where risks are identified, there is a requirement for action to be taken to mitigate the risk. Where risks remain at a high level, they are subject to regular scrutiny by the Board, relevant Committee or the Executive Team, so that they receive constant management attention. During the course of 2012/13 in response to the exceptional challenges of transition, specific risk registers were maintained for specific risks, for example handover and closure and financial handover and closedown. The discipline of the strategy together with the training of staff ensures that the number of risks arising is kept to a minimum. The Strategy complies with best practice, NHS Litigation Authority and National Patient Safety guidance and the Department of Health requirements.
Risk Identification and Evaluation

The identification of new risks has been a standing item on the agenda for the Cluster Board, its committees and key working groups since 2011. This ensures that each forum considers risk at the end of each meeting and has been very effective in focusing attention on risk. The Cluster Executive Team work programmes capture all risks and issues within their risk logs (low scores) and dashboards which are then escalated to the appropriate risk register or log if scores reach the relevant threshold. Any risks identified or amended which reach thresholds for the Cluster tiered Risk Registers are passed to the Head of Corporate Affairs and duly considered, rated and assigned to an appropriate risk register and shared at a regular Heads of Governance meeting. They are then referred to the owner of the relevant risk register for additional controls and actions to mitigate the risk.

The 5 x 5 matrix used when rating risks considers the impact of each risk in terms of resulting in: Injury/Safety; Legal or Financial; Performance/Service Interruption; Regulatory; or Adverse Publicity/Reputation. Each risk is then assigned to an appropriate register depending upon the score for its impact multiplied by the score for the likelihood of that occurring. Each rating is presented as a mitigated score based upon consideration of the controls in place. Actions are recommended to reduce the risk rating. The risk matrix includes consideration of stakeholders in the assessment of impact of risks identified including among others such as: patients; the public; service users; and the Department of Health. Controls for individual risks are only recorded where they are verified as making an active difference to reducing or mitigating a risk. They must have been verified as controls at an appropriate forum or by a recognised external/regulatory body. These are continually reviewed at the Head of Corporate Affairs, Head of Clinical Governance or Cluster Executive Team for Corporate or Directors’ Risks; or by the designated lead for directorate risk registers with guidance and support from the Head of Corporate Affairs. All risks are triangulated with NHS London.

The following diagram highlights the Cluster process for stratification of risks:
New Risks

The Cluster operates an integrated Board Assurance Framework and Risk Register (as described above) based on the strategic objectives for the year. The BAF is reviewed at every Board meeting and is updated and revised as new risks are identified and existing risks are mitigated. The year has been challenging in meeting in-year delivery targets, ensuring effective handover and closure and establishing new organisations which are fit for purpose. In addition, the year has included formal consultation on Shaping a Healthier Future, the strategy to secure improvements in health care across North West London. In that context, the most significant and enduring risks for 2012/13 are described below:-

Delivery of improvements in clinical quality and patient experience

In terms of delivering improvement in clinical quality and patient experience, high risks were associated with Imperial College Healthcare NHS Trust and North West London Hospitals NHS Trust. For Imperial there were risks associated with the sustainable delivery of the 18 week target and an inability to complete robust data validation of cancer pathways, leading to further breaches of waiting standards. For North West London Hospitals the risks related to the achievement of the A & E 4 hour wait standard, poor performance in patient surveys and the level of consultant cover in maternity. The risks in both providers were of poor outcomes and poor patient experience. Trust action plans to address identified issues have been subject to monitoring and review by the Quality and Clinical Risk Committee and Board and financial support provided where appropriate.
Support the development of the new commissioning and provider landscape

A key element of achieving improvements in quality in future is the implementation of the out of hospital strategies with transfer of care from acute to out of hospital settings. The risk of failure to achieve these objectives has been identified as high throughout the year, with the potential impact on quality, financial stability and delays to the reconfiguration strategy. Action is being coordinated across North West London between CCGs and supported by a strategy development team and a workforce transformation strategy. There is a rigorous assurance plan and detailed implementation plan for 2013/14 agreed by the Board.

On the same objective, there has also been a risk of failure to meet the requirements of information governance frameworks with a resulting unsatisfactory audit and information governance toolkit. Action plans arising from the toolkit assessment are being monitored regularly by the Information Governance Committee and additional resources have been allocated to records management and information mapping in support. There is a systematic programme of records management to ensure effective transition to the new organisations.

Delivery of financial savings to achieve financial balance

Maintaining adequate and effective financial control and ensuring strong financial management, as well as delivering QIPP savings targets, have been a high risk. Key elements in managing the risk have been the implementation of the financial and commissioning strategy with strong controls exercised through contract management. The financial position is monitored on a regular basis by the Finance and Performance Committee and the Board with remedial action identified where necessary. A final review of risk rating took place in month 9 as part of the draft closure of accounts.

[DN: insert External Audit opinion on the PCT’s arrangements for securing economy, efficiency and effectiveness in the use of resources – likely to be similar to 2011/12:–]

- Harrow – the arrangements have not been effective in achieving the desired outcome in relation to balanced budget
- Hillingdon – the arrangements have not been effective in achieving the desired outcome in that there has been financial underperformance against financial plans and continued significant financial pressure
- Ealing – the financial plans were not significantly robust and as a result failed to deliver planned QIPP savings; support was required to achieve a break-even position
- Hounslow - the financial plans were not significantly robust and as a result failed to deliver planned QIPP savings; support was required to achieve a break-even position

Lapses of Data Security

[DN: a summary of any lapses of data security, including any that were reported to the information commissioner; only identified to date:–]

- Westminster – patient identifiable data was sent via a non-secure e-mail to both secure and non-secure e-mail addresses. Following investigation a number of lessons for improvement have been identified, including the need for up-to-date training, the use of appropriate e-mail accounts and adherence to good practice when handling patient identifiable information

Effectiveness of Risk Management and Internal Control

The key Board Committees have regularly received and discussed their respective risk registers. The Audit Committee has sought assurance that the BAF appropriately reflects the level of risk and incorporates mitigating action. Independent assurance on the effectiveness of risk management and internal control has been provided through Internal Audit reviews of risk management, statutory duties and responsibilities and Cluster governance arrangements. The
outcome of each of the audits was a green rating with a total of two low priority recommendations for which actions have been agreed. In summary, the Board could take substantial assurance that the controls upon which the organisation relied to manage these risk/areas were suitably designed, consistently applied and effective. A further audit on handover and closure is designed to provide independent assurance that the implementation of the process is effective.

These specific audits were accompanied by a wider internal audit programme encompassing (amongst others) the following areas:-

- Business continuity
- Payroll and payroll feeder systems
- Procurement
- Clinical Commissioning Groups
- QIPP
- Continuing care
- Performance Management
- Information and Clinical Governance
- Acute and non-acute commissioning and contract management
- Transfers of estates and public health
- Financial matters eg creditors, general ledger, financial management, accounts receivable, cash and treasury

The details of the areas covered may relate discretely to different functions and give different levels of assurance.

The Board has maintained an active programme of fraud prevention in accordance with the core activities required by NHS Protect. The PCT is compliant with the Secretary of State’s Directions.

Significant Issues

No significant issues for reporting have been identified – subject to final confirmation from Head of Internal Audit Opinion

The summary Head of Internal Audit opinion follows with the full letter included as Appendix 1.

[DN: insert summary opinion]

This statement has been discussed at the following committees and their views have been taken into account in the preparation of this statement:

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<thead>
<tr>
<th>Board / Committee</th>
<th>Date</th>
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<tr>
<td>Audit Committee</td>
<td>19 January 2013 (first draft)</td>
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<td>5 March 2013 (second draft)</td>
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<td>Cluster Executive Team</td>
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Dr Anne Rainsberry
Chief Executive NHS NWL
Accountable Officer
12 March 2013