

Governance Policy

Bolton LPC

Introduction

Bolton Local Pharmaceutical Committee (LPC) is the body recognised under NHS legislation with a duty to represent pharmacy contractors in Bolton.

The LPC is funded by the contractors it represents and is accountable to those contractors for the work that it does on their behalf and for the effective and economical use of LPC funds. High standards of corporate and personal conduct are a requirement for the LPC and its members and all aspects of the LPC's operations must be open to critical scrutiny.

To achieve these standards, rules and procedures need to be in place and that is what good governance is about: making sure the LPC is acting transparently, honestly and not in the self-interest of its members. This is important if the LPC is to have credibility with others: much of the LPC's external dealings are with Primary Care Trusts which has its own stringent requirements for good governance and will expect sound governance arrangements in the organisations it works with - such as the LPC.

It is a requirement for the LPC to provide the PCT with a copy of the LPC Constitution for approval by the PCTs' Professional Executive Committee and the LPC believes it is good practice for the PCT to have sight of a statement of the LPCs governance arrangements – being seen to have good governance is as important as having the arrangements in place.

Principles of Good Governance

Corporate governance has been defined by the Audit Commission as:

'The system by which an organisation is directed and controlled in order to achieve its objectives and meet the necessary standards of accountability and probity'

There is now an agreed and accepted set of principles for the foundation of a system of good governance and these are normally referred to as the Nolan principles. These principles were developed by Lord Nolan who, in 1995, chaired the Committee on Standards in Public Life. It was subsequently recommended that these principles should be incorporated into the codes of conduct of all public bodies.

The Nolan principles, as they apply to the LPC, are:

- **Accountability** - Members of the LPC are accountable for their decisions and actions to contractors and the public and therefore submit to scrutiny.
- **Openness** - Members should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions, and restrict information only for short term tactical reasons, or when the wider public interest clearly demands.
- **Honesty** - Members have a clear duty to declare any private interest relating to their LPC duties, and take steps to resolve any conflicts arising.
- **Leadership** - Members should promote and support the above principles by leadership and by example.
- **Representativeness** (Selflessness) - members must reflect the interests of the contractors who elected or appointed them to the LPC, and must make decisions in the interests of the general body of contractors; they must not make decisions in order to gain financial or other material benefits for themselves, family or friends.
- **Integrity** - members must not put themselves under any obligation that might influence their performance on the LPC or their ability to reflect the interests of the contractors who elected or appointed them or to make decisions in the interests of the general body of contractors.
- **Objectivity** - in making decisions and in carrying out the business of the LPC members should act within the constitution and make decisions only on merit.

The LPC accepted the above guiding principles for members. It was further noted that the effect of the principles of representativeness and Integrity is that the nominating bodies can mandate the member to express a view, but cannot bind them in how they vote or decide on a particular issue. This means the member can hear and participate in debate, and is free to amend their view in the light of the debate. They will no doubt then reflect back to the relevant body why he made the decision they did, recognising his accountability.

New members of the committee will be deemed to accept the principles and be asked to sign a copy to declare this.

Governance and the Constitution

The LPC Constitution is the key document setting out the membership of the committee and the constitutional rules under which it operates. It has to be approved by contractors and the PCT from which the LPC is seeking recognition.

Adherence to the constitution is a vital governance requirement and the constitution should be read and understood by all members and officers.

Bolton LPC has adopted the model constitution provided by the PSNC.

The LPC can only act within the powers that the constitution provides. An LPC must not go beyond its powers.

The constitution also gives explicit duties that bind the LPC such as the need to hold an AGM and provide services to contractors.

Before taking any non-routine action, the LPC must satisfy itself that the committee has the power in the constitution to act in such a way; conversely the constitution must be examined to make sure the LPC is discharging properly the duties required under the constitution.

Governance in Practice

Declaration of Interests

As part of transparency and accountability, members of the LPC should avoid any real or apparent conflict between the business of the LPC and their own personal or employer's interests.

Members should complete a Declaration of Interest form specifying sources of remuneration, names of Companies or other bodies in which the member has an interest and other sources of interest or pecuniary support which are relevant or which may be relevant to membership of the LPC (A Declaration of Interests form is shown in Appendix 1).

The portfolio of Declarations of Interests is available for inspection upon request. It is the responsibility of all members to review and update their Declaration of Interests and a request to do so should be made in the spring of each year.

Conflict of Interest

There may be instances where an LPC member has a conflict of interest. In such cases, there is a duty upon that member to advise the Chairman of a possible conflict of interest at that time. The Chairman is then required to assess and deal with the conflict appropriately and may refer to the Governance Committee for review.

Non-exhaustive examples of conflict of interest include:

1. Consideration of a contract application in which the member is personally involved or their employer's organisation is involved
2. Employment by a company or organisation that provides services to the LPC
3. Employment with a local Primary Care Trust
4. Conflicts of interest may also arise through spouses, partners or children and these interests should be declared to the Chairman appropriately

Non-exhaustive examples of where a breach of these guidelines may occur include:

1. Use of information obtained through LPC meetings/business that is used for an individual's own financial gain or advantage
2. Personal or financial gain from a company or organisation that provides services to the LPC without prior declaration and consideration
3. Placing a contract on behalf of the LPC with a company or organisation that was managed by a business colleague, close friend or family member

Actions to deal with conflict of interests:

- Exclusion from the relevant part of the meeting/business
- Prohibiting the member the right to vote on the issue
- Referral to the Governance Committee where interest undeclared
- Process for investigation as defined by LPC Governance Statements and Undertakings which can be found in **Appendix 5**

Actions to deal with breach of guidelines:

- Suspension from the LPC committee where an apparent breach of Governance warrants investigation by the Governance Committee.
- Where a breach is proven, the member will be expelled from the committee. The most common incidence of conflicts is in the consideration of a contract application in which the member is personally involved. In such cases, there is a duty upon members to advise the Chairman and Chairman of the Application Sub-Committee of a possible conflict of interest. The member or members are then required not to take part in any of the discussion of the contract application until a decision is reached and agreed upon by a vote. The excluded members are then allowed, if they wish, to make a statement, which may bring facts to light that previously had not been known. The committee will then reconsider its decision in light of the statement(s) and any change in decision will be clearly minuted.

Clearly, members should not attempt to influence other members through canvassing or other activity prior to the meeting.

The LPC believes that, whilst there may be items that provide conflict of interest between LPC membership and employment by a Primary Care Trust, e.g. as a pharmaceutical advisor or PEC member, such employment would not necessarily prevent LPC membership.

Confidentiality

LPC members and in particular LPC Officers, during the course of their work, produce or acquire commercially sensitive or otherwise confidential information.

Sometimes there is an apparent conflict between confidentiality and openness. Whilst the LPC is open and transparent about the conduct of the Committee and its Members, some information will be kept confidential. This is covered by a Confidentiality Agreement that covers information given to the LPC in confidence, commercial information, and sensitive personal information. Not divulging such information does not break the Nolan principles, but careful judgement will always be taken as to whether openness or confidentiality should take precedence.

As a matter of good governance, all the LPC Officers and members have signed a Confidentiality Agreement, a copy of which is provided at **Appendix 2** for information.

Corporate Responsibility

During a debate on an issue at an LPC meeting, members are able to express their views freely and firmly. However, once a decision has been taken by the LPC then that decision is binding on all members irrespective of any counter views, which may have been expressed during the debate.

Corporate responsibility means that individual members will publicly state only the LPC's collective view on an issue and, as an LPC member, will not say or do anything to undermine the LPC's position.

It is important that LPC members make sure they are aware of the views and concerns of the contractors they represent - where a decision is to be made that will significantly affect contractors or a major financial expenditure is planned a more formal consultation may be needed or a meeting of contractors may need to be called. The definition of 'major' in this instance requires further LPC consideration.

Openness and Transparency

LPCs are accountable to contractors for the way in which they conduct their business, which should be done in an open and transparent manner.

As a matter of good governance, the agenda and minutes for LPC meetings are made freely available from the website where contractors and any other interested party can read it; alternatively, in the absence of web access, the LPC will provide a hard copy to anyone that requests it.

The only caveat to this is that where certain confidential information is being considered, particularly commercially sensitive information, then these items are minuted separately and available to members only.

The LPC always ensures that an Annual General Meeting is held to account to contractors on the work of the Committee and its finances. Sufficient notice is given to all contractors of the AGM and provision made for questions and comments to be put by contractors to the Committee at the meeting.

The Annual Report and Accounts are available to every contractor at the AGM, by download from the website or upon request. At the AGM the Finance Officer should explain the accounts to contractors focussing on any unusual items of expenditure, the honoraria paid to officers of the LPC if not clearly shown in the accounts, standard allowances paid to LPC members for their work. The Finance Officer should also provide information on levy collections and expenditure in the current year at regular LPC meetings.

As part of the discharging of its duties, openness and accountability the LPC not only keeps the website regularly updated but also provides a quarterly newsletter to the contractors.

Financial Governance

Many of the principles of governance impinge on financial accountability. Contractors who fund the LPC will expect openness and accountability in the way their levies are spent.

To help achieve this, the roles of Secretary and Finance Officer are clearly separated and the posts are held by different people. The accounts are operated such that there needs to be two separate signatures on cheques. The Finance Officer may not hold any other Officer role within the LPC.

The Finance Officer gives regular updates on finance at meetings of the LPC and prepares annual accounts in sufficient detail, audited by a professional with a practising certificate. Those accounts should be made available to contractors with the opportunity to query the accounts at the AGM. A copy of the accounts is also sent to the PSNC.

The levies collected from contractors can only be used for the purpose intended set out in section 44 and 45 of the NHS Act 1977, i.e. to defray the administrative costs of the LPC. A copy of the LPC's expense policy is included in **Appendix 3**.

Working with the Industry

The Committee recognises the potential benefits of engagement and partnership working with the Pharmaceutical Industry; however, this must conform to the LPC's governance policy and operate within the Association of the British Pharmaceutical Industry (ABPI) guidelines.

A copy of the LPC's policy on working with the Pharmaceutical Industry and Receipt of Hospitality and Sponsorship can be found in **Appendix 4**.

Delegation of Powers

The LPC operates a number of sub-committees that deal with locality issues and debates. The LPC sets out very clearly the remit for the groups with absolute clarity in the powers that the group has, together with an instruction that no action should be taken by the subgroup beyond its remit and powers without referring back to the LPC. Other working groups that are formed at such time as events require them have their remit and powers similarly defined.

Similarly, the LPC may delegate power to individuals such as the LPC Secretary, Chief Officer or Chairman - often this is power to act in an emergency where it is not possible to call the LPC together. The nature and limits of such delegation will be provided in writing to the individuals and will be adopted formally by resolution of the LPC in the near future.

Enforcing Governance

The LPC believes that the spirit in which we operate is one of relying on trust and members' integrity. However, a Governance Sub-committee has been established:

Purpose

- To ensure the honesty, integrity and probity of the committee;
- To ensure that Contractors money is spent appropriately.

Nolan Principles

- Rules shall be clear and understood by all members of the committee and available to contractors to view;
- All expenses must be legitimate and justifiable.

Terms of Reference

- Should consist of three elected or appointed members of the main committee, with a designated lead to be the first point of contact;

- Governance Committee members should not also be officers of the main committee;
- Accountable to the main committee;
- Meet regularly every two months, usually within two weeks of the main LPC meeting. The committee may need to meet more frequently should a specific issue arise which needs further discussion and agreement
- Report regularly to the main committee;
- Report if confidential information has been discussed within the Governance Committee but cannot be shared. This information will be shared once the situation has been resolved if acceptable to all parties;
- Where a Governance Committee member has a conflict of interest they step down from the discussion and the other representatives within the Governance Committee make the decision. If there are circumstances that require further input then the Chief Officer or other Officer is recruited on a needs basis to review the issue with the Governance Committee;
- Should report to and take questions from the AGM.

Actions

- Finance Officer should regularly submit reports to the Governance Committee of members' expenses claims;
- Governance Committee to be able to require any LPC member to report directly to it;
- To investigate all complaints or allegations made against members of the committee.

Significant breaches of governance may lead to the individual being asked to consider their future position on the Committee.

The newly elected Governance Committee first met on

Members are:

This Committee should be re-elected 2-yearly, or if a member resigns their position or becomes an Officer. This election should coincide with the election of the new Officers.

Governance Health Check

A failure by the LPC to have sound governance arrangements in place could result in challenges or possibly legal action against the LPC by contractors suffering injustice or financial loss as the result of the LPC's weak or lacking governance framework.

As unincorporated associations such a claim could mean that LPC members personally would be liable for any costs or compensation as a result of any successful legal action by an aggrieved contractor.

Good governance arrangements, soundly adopted, provide a useful safeguard for LPC members and engender confidence in and respect for the actions of the committee.

APPENDIX 1
Corporate Governance
CODE OF CONDUCT – DECLARATION OF INTERESTS

CODE OF CONDUCT – DECLARATION OF INTERESTS

Name: _____

1.	Remunerated Directorship of company(s) (public or private) and businesses owned personally or in partnership	
2.	Remunerated employment or offices	
3.	Remunerated Consultancy(s)	
4.	Remunerated work performed under contract	
5.	Names of companies or other bodies in which I have an interest, either on my own account, my spouse or infant children, for a beneficial interest in share holdings greater than the 10% of the share capital	

6.	Remunerated contributions to professional and scientific publications	
7.	Membership of other pharmaceutical bodies	

I agree to update this document at any time there is a change in my interests

Signed: _____ Date: _____

APPENDIX 2
Corporate Governance

CONFIDENTIALITY AGREEMENT FOR LPC MEMBERS

I understand that as an LPC member I may have sight of or acquire information that will be commercially sensitive or may for other reasons be information that the LPC or the pharmacy contractor(s) to whom the information relates would not wish to be communicated to third parties.

I acknowledge my obligation to ensure that I do not make use of any such information for purposes other than those of the LPC. I further acknowledge that all information received from or about contractors that relates to their business and financial affairs may not be disclosed to anyone without the express consent of the contractor to whom it relates, in which case the disclosure will be through the LPC Secretary.

I will make full disclosure to the LPC of all appointments or offices held by me and I will consult the LPC prior to accepting any appointment or office that may reasonably be thought to be relevant to my membership of the LPC.

Signed _____ Date _____

Print Name _____

DRAFT CONFIDENTIALITY AGREEMENT FOR LPC SECRETARIES

I understand that in the course of my work as LPC Secretary I will produce or acquire information that will be commercially sensitive or may for other reasons be information that the LPC or the pharmacy contractor(s) to whom the information relates would not wish to be communicated to third parties.

I acknowledge my obligation to ensure that I do not make use of any such information for purposes other than those of the LPC, and that I seek prior consent of the Chairman of the LPC before making any use of my office or any information produced or acquired as a consequence of it. I further acknowledge that all information received from or about contractors that relates to their business and financial affairs may not be disclosed to anyone without the express consent of the contractor to whom it relates.

I will make full disclosure to the LPC of all appointments or offices held by me and I will consult the LPC prior to accepting any appointment or office that may reasonably be thought to be relevant to my work as secretary.

Signed _____ Date _____

Print Name _____

APPENDIX 3 CORPORATE GOVERNANCE EXPENSES POLICY

Expenses Policy
Bolton Local Pharmaceutical Committee

PURPOSE

To provide a policy whereby LPC members will be reimbursed for expenditure incurred wholly, exclusively and necessarily in the course of LPC business activities, travel, meetings and entertainment, provided that such expenses were approved in accordance with the requirements of the policy.

1. INTRODUCTION

This document sets out in detail the Bolton LPC expenses policy. The LPC will reimburse member and employees for reasonable business expenses incurred on the LPC's behalf whilst they are engaged in authorised business or training activities provided they fall within the limits set by this policy. It is our intention that members should neither gain nor lose financially as a result of incurring expenses on LPC business. LPC members are subject to Inland Revenue rules and guidelines as to what is allowable as a business expense. It is therefore important that all claims adhere strictly to the policy.

Expenses defined as 'reasonable' are those that are cost effective when weighed against the purpose of the business activity. Members are responsible for the settlement of any business expenses incurred and for reclaiming these costs through the process set out in this document.

2. SUBMISSION OF CLAIMS FOR REIMBURSEMENT

2.1 Members are expected to:

- Submit claims within three months of the expenditure (unless otherwise agreed with the Treasurer).
- Provide original invoices, receipts or itemised bills, where possible, to support all expense claims.
- Submit claims on the approved form supplied by the Treasurer.

2.2 Authorisation/ limits:

- Expense claims must be approved by the Treasurer.
- Single items of expenditure or activity exceeding £500 should be cleared with the Treasurer in advance.
- The Treasurer is required to question claims which fall outside of the policy and seek additional consideration from the LPC.

2.3 Payment:

- Expenses will be paid via cheque.
- Once the Treasurer has authorised the claim, expense claims will normally be processed for payment within 28 days.

3. EXPENSES CLAIM ALLOWED

3.1 Attendance fee:

- If the LPC member is attending on behalf of the LPC on his/her day off then he/she is entitled to claim the allowance specified on the claim form.
- The LPC will pay the gross fee, the responsibility rests with the member to declare this income on his/her personal tax return.

Or

Locum expenses:

- If a locum has been employed to cover for an LPC member whilst he/she is attending an event on behalf of the LPC, the fee for employing the locum can be reclaimed from the LPC upon submission of an invoice.

3.2 Travel/ Transport:

- Private vehicle: mileage is paid at £0.40/mile disregarding the engine size of the vehicle.
- Any other travel should be by the most cost-efficient means.

3.3 Parking and Tolls:

- The LPC will reimburse you for the cost of parking and road tolls incurred on LPC business, but parking fines, towing away charges or fines for other traffic violations will not be reimbursed.

3.4 Accommodation:

- Accommodation may be claimed if members are required to attend a location on LPC business and this location is sufficiently far away from home or normal place of work to make a return journey unreasonable.
- Daily limits for overnight accommodation are up to £100 per room per night to include breakfast. Higher rates should be cleared with the LPC committee prior to booking.
- If commitments require evening travel and/or accommodation then a meal up to the value of £30 may be claimed if required.

3.5 Business Calls:

- The cost of calls you make on LPC business can be reclaimed. You must provide details of the calls you have made by attaching an itemised bill with the business calls highlighted.

3.6 Miscellaneous:

- Other legitimate claims will be considered.

4. INLAND REVENUE

Failure to conform to these guidelines may give rise to personal tax charges on the individuals making the claim. The Inland Revenue requires under Self-Assessment that records of expenditure and mileage are kept for 6 years. Please ensure when completing expense claims that they are explicit as possible. The Inland Revenue may review them at any time. This policy will take effect from Monday 3rd November 2008 subject to approval by the committee.

Declaration

I _____ have read and understood the Bolton LPC Expenses Policy and agree to abide by its content.

Name _____

Signed _____

Date _____