

English Pharmacy Board 9 February 2010 **PUBLIC BUSINESS**

Policy Governance Structure for the Professional Leadership Body

Purpose

To present the Board with Council paper 10.02/C/11 appendices 1,2 & 3 (Council meeting 2 & 3 February 2010), in conjunction with appendix 4 (The Carver Model Explained) for discussion, comments and recommendation to the Assembly.

Strategic objective domains

Improving member engagement in the work of the RPSGB

Action Required

The English Pharmacy Board to asked to:-

- comment and amend this paper, as appropriate.
- Make a recommendation to the Assembly to adopt this Policy Governance Structure.

Background

Policy Governance for the PLB has been discussed extensively by the three National Pharmacy Boards and their representatives, reviewed by the Governance Committee and approved by the Transitional Working Group. **Although the Policy Governance has been recommended by the above Society bodies, it is for the Assembly of the PLB to ultimately decide if they wish to adopt the policy governance structure as proposed in this paper.**

Yvonne Dennington

EPB Secretary and Virtual Networks Manager

Council meeting 2 & 3 February 2010

PUBLIC BUSINESS
10.02/EPB.07 Appendix 1

Policy Governance Structure for the Professional Leadership Body

Purpose

For Council to receive and comment on the proposed policy governance structure for the PLB.

Strategic objective domain

- Improving member engagement in the work of the RPSGB

Action required

The Council is asked to:

- i. note that the Governance Committee, TWG, NPBs and Board Chairs/Vice Chairs have considered the issues in this paper and their comments have been incorporated; and
- ii. comment on the proposed policy governance structure.

1. Introduction

Policy Governance for the PLB has been discussed extensively by the three National Pharmacy Boards and their representatives, reviewed by the Governance Committee and approved by the Transitional Working Group. **Although the Policy Governance has been recommended by the above Society bodies, it is for the Assembly of the PLB to ultimately decide if they wish to adopt the policy governance structure as proposed in this paper.**

This paper sets out the principles that underpin the operation of governance and summarises the roles of key governance bodies. Further details can be found in the *Governance Handbook* and documents specific to each governance body.

The basic governance structure for the PLB is set out in *The New Professional Body for Pharmacy* (the Prospectus) There are three directly elected National Boards underpinned by a 14 member Governing Body – the Assembly - whose membership is very substantially derived from the memberships of the National Boards. The Prospectus describes the roles of these bodies:

“National Boards for England, Scotland and Wales will form the backbone of the new Professional Body. This recognises that health policy is becoming increasingly different in each country, and the Professional Body has to be adaptable enough to respond to that.

The Assembly, meeting less often than the Boards, will maintain overall strategic direction on GB wide issues, and be responsible for good financial management and organisational governance. Both fiduciary responsibility and budgetary control will sit with the Assembly.”

2. The Governance Model

The Society has adopted the “Carver Model” of governance. In this model of governance there is a clear separation between the role of the governance and that of management and staff. Governance is responsible for setting strategy and broad objectives, ie what the organisation is seeking is to achieve. Management is charged with implementing strategy and achieving

the objectives it is set, ie management determines how the organisation achieves its objectives. The governing body and its members do not become involved in operational matters.

Ultimately all bodies within governance account to the governing body. A chief executive is appointed by, receives instructions from, and accounts to the governing body. The chief executive appoints staff who account to him/her for the tasks he/she delegates to them. There are thus parallel governance and management chains, culminating in a governing body and a chief executive, that lead the organisation; the former in terms of strategy and objectives, the latter in respect of operation and delivery.

With certain nuances, the Carver Model is appropriate to, and used by many, major professional bodies.

Successful professional bodies draw upon the volunteer efforts and expertise of members. They employ staff with considerable expertise in the issues of vital interest to the profession as well as managerial and administrative skills. Harnessing the goodwill of the membership and maximising beneficial interactions between members, governance and staff militate against a rigid "command and control" culture that could result from the Model. The benefit of Carver is that there is clarity over where responsibilities lie with members in governance and staff knowing and respecting each others' roles.

Applied to the PLB, in governance there is an Assembly and National Boards; the Chief Executive is supported by an Executive of senior staff and their subordinates.

- The Assembly agrees overall strategy and top level objectives, with policy making at national level being the responsibility of the National Boards.
- The Assembly sets broad objectives to the Chief Executive who delegates authority to the appropriate National Director for implementing national level policy, and objectives that derived from them.
- The National Board sets policy and objectives within the overall strategy and asks (not instructs) the National Director to implement them.

The Model requires that the Chief Executive, Directors and staff are not members of governance bodies. However, it is beneficial for other members of the Executive, as well as the Chief Executive normally to attend meetings of the Assembly and to have the right to be heard. Their participation in strategic planning meetings is particularly important.

Similarly, the National Director attends meetings of a National Board, and may be accompanied by other staff with expertise in the matters under consideration. Again, the Director and staff have the right to be heard. The principle being that governance bodies have available to them the information and expertise they need to make an informed decision that is capable of being implemented.

Governance and management become a partnership, with the latter acknowledging the authority of the former.

3. Governance Structure

3.1 The Assembly

In a body constituted by Royal Charter, the governing body has responsibilities similar to those of a board of directors of a company established under the Companies Acts. The Assembly is the governing body of the PLB. Its purpose is to ensure that the Society is led and governed effectively in pursuit of its Objects as stated in Article 2 of the amended Charter:

*“(1) to advance knowledge of, and education in, pharmacy and its application, thereby fostering good science and practice;
(2) to safeguard, maintain the honour, and promote the interests of pharmacists in their exercise of the profession of pharmacy;
(3) to promote and protect the health and well-being of the public through the professional leadership and development of the pharmacy profession; and
(4) to maintain and develop the science and practice of pharmacy in its contribution to the health and well-being of the public.”*

The Assembly has fiduciary responsibility and its main tasks will be to:

- agree the values, tone and ethos of the PLB;
- enhance and protect the reputation of the PLB and the profession
- agree the overall strategic direction and high level objectives of the PLB, including European and other international dimensions
- allocate resources
- delegate authority to other governance bodies
- appoint and direct a Chief Executive
- monitor performance and ensure conformance
- account to the membership

How the Assembly organises itself is discussed in section 4 below.

Other bodies in governance contribute to the fulfilment of the Objects and the Society's overall strategy in accordance with their agreed remits.

3.2 Delegation of Major Functions

A full governance diagram, showing lines of accountability, is given in Appendix 1.

3.2.1 The National Boards

The purpose of a National Board is to provide professional leadership and ensure provision of services to support pharmacy in [country].

In discharging its responsibilities, the Board:

1. Informs the Assembly in developing the Society's strategy by advising on likely developments affecting pharmacy in [country].

2. Provides strategic leadership, advocacy and support for pharmacy practice development in [country].
3. Leads the implementation of the Society's strategy by developing and implementing associated policies in [country].
4. Promotes the science and practice of pharmacy and its contribution to health.
5. Provides professional advice to government and its agencies, NHS bodies, and other health and social care organisations in [country].
6. Guides and supports the Society's Local Practice Forums (LPFs) and Branches in [country].
7. Supports pharmacists in their professional roles in [country].

Informing the Assembly is by brief summary reports at each meeting of the Assembly.

Formal co-ordination between the three National Boards is by the Assembly where all three are represented. On a day to day basis it is achieved through a flow of information, and management of agendas and work programmes, facilitated by the National Directors in consultation with the Board Chairs.

3.2.2 Membership Panel

Matters relating to the admission and removal of members are the responsibility of a Membership Panel appointed by and reporting to the Assembly. The Panel keeps under review and advises the Assembly on the requirements for admission to membership; ensures applications and admissions procedures are in place, and adhered to; adjudicates on non-standard applications and other cases where professional judgement is required; and acts as the disciplinary committee in the event of allegations against members in relation to the Society's Code of Conduct (Appendix 2).

The Panel accounts to the Assembly through an annual report.

3.2.3 Member run groups (MRGs)

Most professional bodies have "grass roots" groupings of members of this type. They may be organised on a geographical basis, or are for members with a specialist interest, or some combination of the two.

As they are largely run by members' volunteer efforts, the separation of governance and management required by the Carver Model does not apply in practice.

As such groups are not separate legal entities, their actions and activities are carried out in the name of the Society. They are, therefore, ultimately responsible to the governing body, the Assembly, for their actions and any

funds they hold. Their activities need to be consistent with the Royal Charter and should be consistent with the Society's strategy.

For good governance, and to safeguard the reputation of the Society, the following parameters apply:

3.2.3.1 Local Practice Forums (LPF)

Each LPF has a simple statement of terms of reference and accountability requirements and makes an annual return comprising a single page report on activity over the last year and plans, plus a single page summary of income, expenditure and funds held.

The LPF reports and plans are considered by the relevant National Board. The Society's normal financial audit processes provide reassurance on probity.

3.2.3.1 Interest Groups

Interest Groups are formed when groups of members voluntarily band together around a common interest, or the Society stimulates the establishment of such a Group. It is to be expected that Interest Groups will form or disband as professional practice and its underpinning science develops.

Formal recognition of an Interest Group is a decision of the Assembly. Each Interest Group has a simple statement of terms of reference and accountability requirements and makes an annual return comprising a single page report on activity over the last year and plans, plus a single page summary of income, expenditure and funds held.

An Interest Group's reports and plans are considered by the governance body designated by the Assembly for the purpose. The Society's normal financial audit processes provide reassurance on probity.

Where a group of members band together of their own volition on an informal basis (eg forming a virtual network), they should not imply that they are acting under the auspices of the Society.

3.2.4 Publishing Board

Publishing is a major business activity with significant financial and reputational implications for the PLB. Authority is vested in a Board and management with appropriate expertise. Irrespective of whether not publishing (or any other business activity) is legally constituted as a wholly owned subsidiary company, the Assembly as the governing body bears responsibility for the activity. The Publishing Board submits an annual report to the Assembly covering activity and performance over the last year, its business plan in summary form and a brief review of the longer term prospects for its business.

The Assembly reassures itself that publishing activity is consistent with the PLB's strategy and being conducted in accordance with the business plan and the Society's financial requirements.

3.2.5 Other Major Business Areas

In other instances where the PLB is conducting major external trading activity that is not overseen by a National Board, financial and reputational issues can arise. The Assembly exercises its responsibilities in a similar manner to that applied to publishing. The management of the business unit reports annually on activity and performance; submits a summary of its business plan and brief review of longer term prospects.

3.2.6 Charitable Trusts

The Assembly acts as Trustee to certain charitable funds. Those responsible for the Trusts account on an annual basis to the Assembly as described for member run groups.

3.2.7 New Bodies in Governance

Governance structures have to evolve to meet changing needs. In many cases, a need can be met by establishing an ad hoc governance group with a specific task for a limited life span. National Boards (or the Assembly if the issue is Society wide) would be expected to fund such groups within existing budgets.

The establishment of a new standing governance body has longer term financial and good governance implications, particularly in harmonising terms of reference with those of existing bodies. The power to establish a new standing body is reserved to the Assembly. A new body should only be established following consultation amongst the National Boards, including avoiding duplication, and then only if an existing governance body does not have the expertise to carry out the required functions.

4. How the Assembly Works

In order for the Assembly to discharge its fiduciary responsibilities, there are some aspects of internal control that the Assembly reserves to itself: as the employer of the staff; ensuring internal finance and other processes are appropriate and being followed in practice; making appointments to governance bodies where these are not filled by election.

Each of these requires infrequent but detailed work that is more efficiently carried out by small panels of Assembly members outside of the full meetings of the Assembly. Each Panel reports annually to the Assembly and at other times if such needs arise.

4.1 Performance Management and Remuneration Panel

The Chief Executive is appointed by the Assembly as a whole on terms agreed by the Assembly. Whereas he/she is accountable to the governing body, the Chief Executive is not subordinate to the Chair of the Assembly. The Assembly establishes a Panel of its own members to:

- conduct the performance management of the Chief Executive and make any appropriate adjustments to remuneration;

- ensure, through the Chief Executive, that appropriate performance management procedures have been followed for other members of the Executive and their staff;
- ensure that the PLB has appropriate conditions of service and remuneration policies for its staff and that the management style of the organisation reflects the values, tone and ethos of the PLB.

The Panel comprises of the Chair of the Assembly and the Chairs of the three National Boards.

4.2 Audit and Risk Panel

The Society appoints external financial auditors and maintains a register listing the major risks to the organisation together with brief statements of mitigation and management strategies. The Risk Register comprises both financial and reputational issues. The Assembly establishes a Panel of its own members to:

- advise on the appointment of external financial auditors;
- set the remit for the audit;
- review, with the auditors, the outcome of the audit and satisfy itself that the management response to any issues raised is appropriate;
- institute internal audits of any processes it deems appropriate and satisfy itself that the management response to any issues raised is appropriate;
- keep under review the Risk Register and advise the Assembly accordingly.

The Panel comprises four members of the Assembly who are not Officers of the Society or Board Chairs.

4.3 Appointments Panel

The Society populates the three National Boards largely through elections and the Boards nominate most of the members of the Assembly. There are however, a number of appointed places on these bodies as well as on other governance bodies, for example, the Membership Panel and Publishing Board. The PLB may be asked to make appointments or nominations to major external bodies. Most of these may appropriately be made by the relevant National Board, but some may fall outside their remits. The Assembly establishes a panel of its own members to:

- establish procedures whereby staff, the membership, and in particular the Chairs of LPFs and Interest Groups, can identify suitable persons for appointment;
- make appointments to governance bodies in consultation with the Chair of that body;
- make appointments to external bodies as required.

The Panel normally comprises the lay member of the Assembly and four members of the Assembly who are not themselves members of, or candidates for election/appointment, to the bodies in question. If necessary, the Assembly may have to appoint person(s) who are not Assembly members to avoid conflicts of interest.

5. The Role of Members in Governance

Members participating in governance adhere to a Code of Conduct for Members of Governance Bodies. The Code includes the Nolan Principles of Public Life.

The Society is the legal entity and has powers and duties under its Royal Charter. These are exercised by the Society as the legal entity with the Assembly as the governing body. Members of the Assembly act as a board and their decisions reflect their collective will. Any member who dissents, abstains or is absent accepts the majority decision and is bound by it. A member can require their dissent to be recorded, but this does not absolve them from collective responsibility. Any member who wishes to avoid such liability, or who wishes to oppose the decision through other means (eg through publication or in other forums) should reconsider their position.

Assembly members who have a personal or business interest in a matter under discussion should declare that interest and leave the meeting, unless requested by a majority of those present to stay. A member declaring an interest should not participate in any vote on the matter.

Assembly members have particular responsibilities as members of the governing body, but the principles that apply to them also apply to members of other governance bodies.

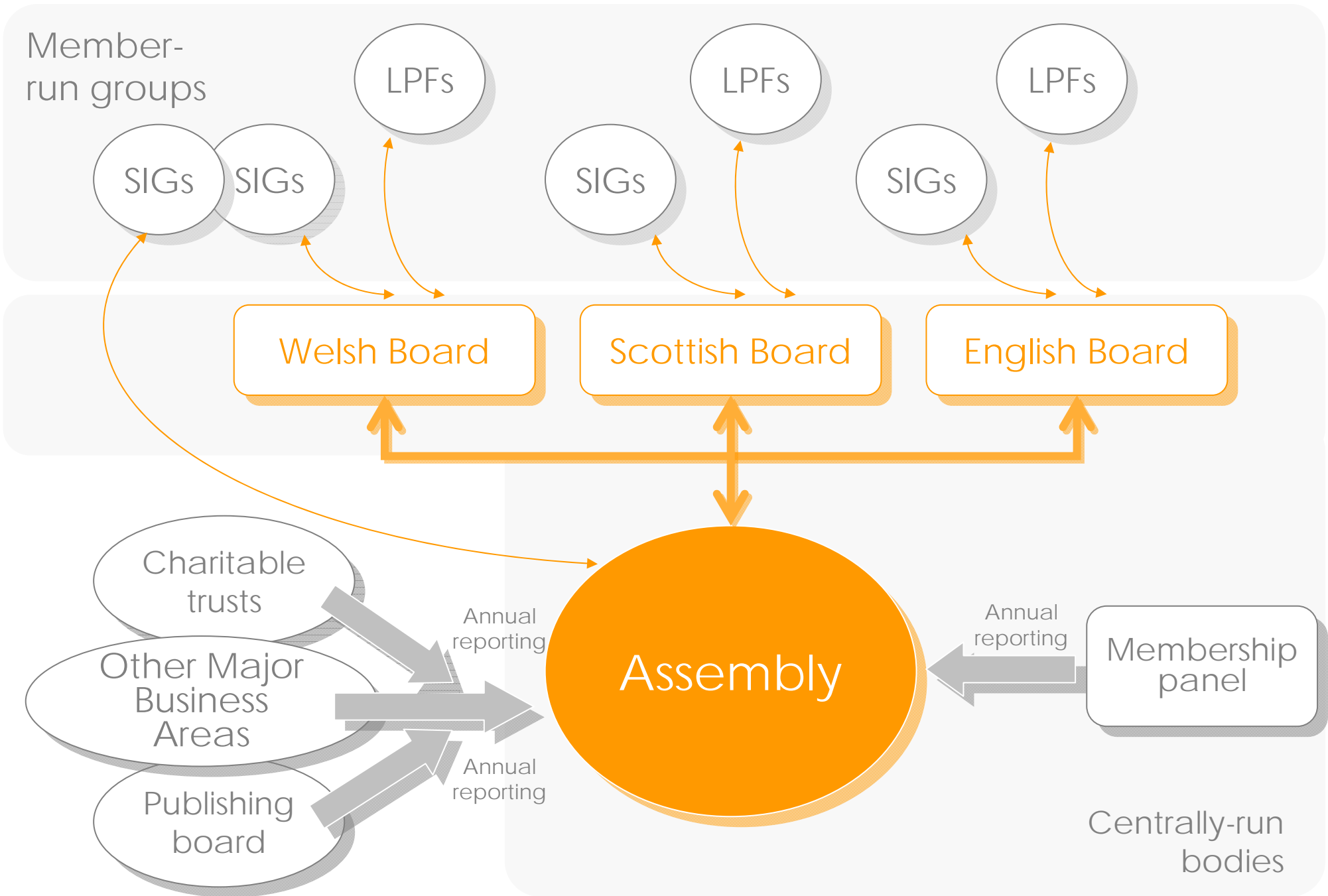
Members who are elected or appointed to serve on governance bodies may derive their nomination from particular constituencies, but participate as individuals, using their own skill and judgement when making decisions. They should not act as delegates.

Action required

The Council is asked to:

- i. note that the Governance Committee, TWG, NPBs and Board Chairs/Vice Chairs have considered the issues in this paper and their comments have been incorporated; and
- ii. comment on the proposed policy governance structure.

Michele Savage
Adviser on Professional Body Governance



Appendix 3

CODE OF CONDUCT FOR MEMBERS IN GOVERNANCE

Introduction

The current Code of Conduct for Members of Council is applicable to the Society's roles as both regulator and professional body. The draft below draws upon the existing Code and sets out the principles that should guide the behaviour of members participating in the governance of the PLB.

THE CODE

In addition to the Code of Conduct applicable as members of the Society, members elected or appointed to National Pharmacy Boards, the Assembly and other governance bodies reporting directly to the Assembly:

- adhere to the Principles of Public Life (the "Nolan Principles")
- are in good standing professionally, including with the Society and any other professional body or regulator of which they are a member or registrant, and are not subject to any disciplinary allegations that have been referred to an investigating committee (or equivalent), or adverse finding resulting from a disciplinary process.
- exercise their personal skill and judgement and do not act as the delegate of any group
- act collectively in discharging the functions of the governance body, abiding by and supporting any decisions made
- support publicly the policies of the Society, and where appropriate, explaining fairly any contrary views considered
- respect the skills, roles and dignity of other members participating in governance and of staff
- regard as confidential information relating to individuals, the commercial interests of the Society and other sensitive matters relating to the pursuit of the Society's Object
- declare any personal or business interests in matters under consideration, leaving the meeting unless requested to stay by the Chair, and not vote on any such matter
- do not exploit their position as a member of a governance body for personal or business gain, financial or otherwise
- having regard to the Society's policies for complaints, grievances and whistle blowing, report any unresolved concerns about the welfare or actions of other members of the governance body or staff to the Chair or the Chief Executive as appropriate.

Tony Ashmore
30 November 2009

How the Society's Assembly, Board and Management should work

The 'Carver' Model explained

Please read this as an interpretation of things, rather than a clear prescription of exactly how things must be.

Governance

Integrated theories of governance, according to Gill (2005:31)¹ are "*distinctive cluster or clusters of governance structures, responsibilities (functions) and practices (processes) that are logically consistent with one another, have a high degree of internal coherence and are bound together by values or by assumptions about good governance practices*". This describes overarching principles or philosophies of governing body governance below which is a plethora of codes, guidance documents and handbooks tailored to specific sectors. Almost none of them however could be described as a comprehensive and translatable operational framework. The Policy Governance Model² provides a model that allows us to move away for a legacy of disparate policies stuck together over the years and towards a model that will work as a coherent and efficient whole. This Policy Governance Model is one which has been recommended for adoption by the GPhC Council (when it comes into being) by PRLOG and the CHRE.

Introduction:

This model, developed for not-for-profit public bodies, gives a Board or Council responsibility for strategy and broad objective setting, while the management team is charged with implementing the Board's objectives. Board members therefore do not involve themselves in operational matters. The Boards/Assembly instruct the organisation's management solely through the CE. The CE implements Board strategies via the Country Directors whose Directorates do the actual 'doing'.

In the Society after demerger, governance will be the responsibility of the National Boards and the overarching Assembly. The Boards and Assembly will need clarity on their roles but since the majority of Assembly members will be drawn from the three country Boards, this should not present a significant problem. In the model described by Carver, Boards and similar governance structures are there to set high level strategic objectives for the organisation. They do not normally concern themselves with the means by which the objectives are pursued, so long as the methods used do not contravene the body's overall objectives and operational requirements.

If Boards/Assembly try to manage the organisation operationally, other than via the CE and Country Directors, conflicts will result and staff will struggle to serve both their Directors and the Board/Assembly. This will also enable some senior staff to play one off against the other and to attend to their own agendas, rather than acting

¹ Gill, M., (2005) *Governing for Results*, Trafford Publishing

² Carver, J (2006) *Boards that make a Difference*, Jossey Bass: San Francisco

solely in accordance with strategic direction. A single line of management is important to ensure all tasks are suitably managed to meet the overall objectives and manage costs and efficiencies. We have seen examples of this at Lambeth where Council members' or Presidents' personal hobby horses have got in the way of the effective functioning of the organisation.

In order that the Society be fully functional in its new form as soon as possible, it is the author's opinion that draft strategic objectives be developed before April 2010.

The Boards and Assembly:

These will be the custodians of the Society on behalf of its owners. The Society is owned by its members and will also have a responsibility to take into account the wider public interest when considering its actions.

The Assembly and Boards should not involve themselves in operational matters. **In other words, it does not matter to them how things are done, so long as strategy is followed and main objectives are achieved.** Examples of broad, high level strategies are:

- The Society should deliver its services within available financial resources.
- It should do nothing illegal.
- It should follow the principles and practices of good employment law.
- It should regularly consult with its membership when judging its own performance and planning new activities.
- It must be influential with those who determine health policy in GB.
- The views of patients and the public should be taken into account when considering new developments.
- The Society will develop and maintain a constructive relationship with the General Pharmaceutical Council for the benefit of members.

(The above list is exemplary, not comprehensive.)

Beneath such high level policies as these, the Boards/ Assembly will set other policies, which have to be **implemented in a way that is consistent with those above.** Examples might be:

- The Society should recognise the diversity of and developments in pharmacy practice and science, and attempt to serve all members whichever sector of practice they are in
- Its services should be developed so that they are available at an equal level of quality and accessibility to all members who require them. In the short term, inequalities will be accepted as part of the development process. (Piloting services leads to unequal access. Successful pilots then need to be made widely available)
- The Society should, where appropriate, work in partnership with other pharmacy bodies and those representing other health workers in pursuing its objectives
- If an objective is deemed by the Boards or Assembly to be urgent, the management will ensure that it is prioritised and attended to within an agreed time. (If Boards and Assembly were to disagree then the Assembly has the final say)

(Again this is not intended to be a complete list.)

Policies such as those above will be developed in the light either of information received by the organisation and conveyed to the Board/Assembly by management, or from advice received as a result of Board/Assembly members' own experience and connections.

The National Boards:

The Boards are there to set strategy within each country. As health policy in Wales, Scotland and England develops in different ways, priorities for each country will emerge. It is clear that there will be many GB wide issues and it will be helpful to have a liaison group, perhaps made up of Chairs and Vice Chairs, to determine which Board will lead on these matters as they arise. Such a group could do most of its work virtually, without physically meeting, and its existence would save the Assembly having to fulfil that role.

Boards should:

- Review the priorities for their country on an annual basis
- Propose to Assembly a budget for country-specific activities and for work required to support GB wide issues on behalf of all Boards.
- Receive regular reports from management on progress against objectives.

Board members should

- Be in contact with a significant number of other practicing pharmacists or technicians
- Provide advice on the basis of their own experience and that of colleagues and patients
- Be prepared **individually** to advise managers or staff members on matters where the Board member has specific and relevant expertise.

Board members should **not**

- Be expected to develop and implement operational plans
- Be held responsible for service delivery or development
- Expect or be expected by colleagues to be there to defend the interests of particular membership groups
- Be performance managed solely on attendance at meetings
- Independently make demands upon the Society's staff

The Assembly:

- Has overall responsibility for the governance of the body (keeping it legal, solvent and managing reputational risk).
- Should be responsible for overall budget setting and financial monitoring
- Will determine priorities for the organisation when demand for activity from Boards exceeds the resources available to deliver that activity.
- Will receive regular reports on the Society's performance and progress against its strategic objectives
- Will review the strategic priorities of the Society on an annual basis
- Will be responsible for ultimately determining policy when matters affect all three country Boards. For example, do we maintain our major headquarters in London or move significant levels of activity to a less costly location?

So what should Board and Assembly meetings be like?

They should have discussions about principles and strategies: meetings should not spend time determining precisely how something should be achieved

They should have detailed sight of projects only at key stages in their development or when a significant and difficult decision has to be made before proceeding further.

They should have regular (6 monthly?) opportunities set aside for strategic thinking and prioritising. The results of such Board meetings should be reported to the Assembly.

Boards may have occasional joint sessions with the Assembly but these should be about specific issues, and would be most productive in workshop rather than committee format due to the large number of people present.

Why might such a model work?

It is logical to have developments driven by and consistent with a strategic plan and vision, informed by country and GB agendas and needs. Historically there have been developments being led by individual Council members or senior managers, with the very best of intentions, doing what they feel is needed. That has resulted in developments sometimes falling outside overall strategic direction and so are haphazard, patchy and dependent on local power bases and personalities for successful implementation. The proposed model ensures that development is in line with coherent strategy.

What does it depend upon?

A management that is willing and able to engage with Board and Assembly Members. Members who are willing to trust the management to deliver, and to act as advisors, not bosses, on areas where they have specific expertise. Members of the Assembly and Boards need to be able to work with management in a climate of mutual respect.

July 2009