



LPC Finance Guide

September 2025 (Version 4)



Objectives.....	2
Status of an LPC.....	2
LPC constitution document.....	3
The Concept of Mutual Trading.....	3
Project Funding.....	4
Finance and audit subcommittee.....	7
Internal controls.....	7
Budgeting and reserves.....	8
Record keeping.....	9
Use of accounting software packages.....	9
Reporting and Filing requirements of an LPC.....	9
Form of annual accounts.....	10
Annual reporting date.....	10
Common problems encountered with LPC accounts.....	10
Accountants/Auditors.....	10
Approval of the Annual Accounts at the AGM.....	11
Other issues (VAT, payroll, expenses).....	11
APPENDIX 1 Glossary of Terms.....	17
APPENDIX 2 Model Constitution.....	18
APPENDIX 3 Annual budget template.....	39
APPENDIX 4 Zero cost base budget template.....	40
APPENDIX 5 Monthly management accounts template.....	44
APPENDIX 6 Annual accounts template.....	45
APPENDIX 7 Common problems with LPC accounts.....	46
APPENDIX 8 Accountants' assurance report.....	47
APPENDIX 9 Expenses policy template.....	47
APPENDIX 10 Reserves policy template.....	47

LPC Finance Guide

LPCs are funded by the pharmacy owners they represent and are accountable to those pharmacy owners for the work that they do on their behalf and for the effective use of LPC funds. LPCs collectively receive annually circa £11m of income to represent 10,300 community pharmacies. Pharmacy owners expect high standards of financial governance in their LPC.

This guide has been prepared working in partnership with experts, incorporating feedback from pharmacy owners and LPC Treasurers to bring together relevant financial advice for LPCs and standardised templates. All LPCs following the model constitution are required to comply with the principles set out in this guide, including the use of the financial statement templates to give consistency to pharmacy owners and help Community Pharmacy England provide better management data to LPC treasurers.

Objectives

- To explain the framework within which LPCs exist and operate.
- To set out LPC reporting requirements and obligations.
- To identify particular financial issues facing LPCs.
- To outline a suitable internal control structure for an LPC.
- To standardised the form of budgeting and financial reporting.
- To suggest where LPCs might seek guidance on all or any of the above.

This guide sets the core standard for LPC following the model constitution. Some LPCs already meet or exceed this standard and they are encouraged to continue operating to those higher standards.

Note: words in italics are defined in the glossary at [Appendix 1](#).

Status of an LPC

A Local Pharmaceutical Committee (LPC) is an unincorporated “not for profit” entity formed in accordance with the Section 167 of the NHS Act 2006, but as an unincorporated entity has no legal identity. Since an LPC has no legal standing that means that when an LPC enters into any transactions or agreements it is the members themselves who are taking on the responsibilities attaching to these transactions or agreements. All LPC members need to be aware of this and it is for that reason that an LPC’s executive members need to be fully transparent in their actions

with regard to the LPC. Further information and a briefing note on liability and managing risk for LPC members, is available from Community Pharmacy England.

In order to achieve such transparency all LPCs need to adopt a financial control environment which protects members from becoming personally liable for any of the LPC's actions and also have in place a comprehensive budgeting and financial reporting regime so that members can feel fully informed of the financial position and performance of their LPC. This guide has been produced to help LPCs achieve those controls and required levels of transparency.

LPC constitution document

An LPC must have a constitution and the adoption of the model constitution is strongly recommended, available in [Appendix 2](#). Considerable care and thought has been given to this model constitution to make it suitable for the majority of LPCs so as to minimise the need for any tailoring of its provisions. As of September 2025, all of the 50 LPCs in England have adopted the model constitution.

Section 3 of the model constitution sets out the broad duties of LPCs, including on Governance and Finance and the relationship with this guide, including:

Committees shall conduct its affairs in accordance with accepted principles of good governance, in particular preparing and publishing an annual budget, and complying with the principles set out in 'Guidance on LPC Governance' or 'Approved Governance' and the 'LPC Finance Guide' published by Community Pharmacy England.

The Concept of *Mutual Trading*

When an entity receives income from its members in the form of subscriptions or sells services to its members then these transactions are exempt from tax under the exemption for "*mutual trading*". The underlying principle being that "you cannot make a profit out of dealing with yourself". Some LPCs may only have mutual trading income (contractor levy income) and therefore will not fall into the tax net. However, there is no general tax exemption for unincorporated bodies and the tax treatment is very similar to incorporated companies.

Therefore, the following types of income would be subject to corporation tax:

- Bank interest
- Rents received

- Sales to 3rd parties
- Sponsorship income

If an LPC is receiving any of the above sources of income, then it needs to register with HMRC for corporation tax as soon as possible. However it is possible on submission of the LPC's accounts to HMRC to obtain a dispensation from paying corporation tax and making annual returns and filing accounts with them if the annual corporation tax can be demonstrated to be less than £100. The dispensation is usually for a 5 year period but the LPC has to review its income annually and if the potential corporation tax exceeds £100 then it needs to inform HMRC and start filing returns and accounts.

Levy Funding

A Levy is a payment to the LPC, which is collected by NHS Business Services Authority (NHSBSA) Prescription Services, authorised by the local NHS.

LPC levy is recoverable from pharmacy owners per the statutory procedure authorised by [Section 167 of the National Health Service Act 2006](#), which addresses the establishment and functions of Local Pharmaceutical Committees.

The levy funds the administrative running costs of the LPC, including members' expenses and meeting the costs of Community Pharmacy England, to conduct national negotiations, make representations and provide support on behalf of all pharmacy owners in England.

LPCs in England collect around £11m from pharmacy owners in England to fund representation and support. The LPC network collectively retains around £6.2m for local use and passes around £4.8m to Community Pharmacy England.

LPCs can decide between four main ways of collecting levy from pharmacies owners, however most LPCs choose to collect on a statutory basis:

- 1 Voluntary – percentage variable of the monthly contract value (e.g 1p per £100 =0.01%)
- 2 Voluntary – fixed amount to be collected by the LPC, apportioned across each contract according to share of total NHS income in the area (therefore each ODS code will have a different amount)
- 3 Statutory – percentage variable of the monthly contract value (e.g 1p per £100 =0.01%)
- 4 Statutory – fixed amount to be collected by the LPC, apportioned across each contract according to share of total NHS income in the area (therefore each ODS code will have a different amount)

The total levy is apportioned according to the pharmacy owner's share of total available NHS income in the LPC area. Levy payments are always taken by NHSBSA at contract level in line with the FP34 Schedule of Payments and paying the totals over to the LPCs on a monthly basis.

Illustrative example at a pharmacy contract level

- Turnover of pharmacy A for the month = £80,000
- The total turnover of all the pharmacies in an LPC area is = £17,600,000
- Pharmacy A percentage turnover = 0.4545%
- The LPC monthly levy is £17,500 per month and pharmacy A contribution is 0.4545% = pharmacy contribution of £79.55

Changes can be made using the pro-forma on your monthly NHS BSA statement, and must be authorised by at least two LPC officers on the form. The BSA sometimes request minutes of the discussion and agreement at an LPC meeting and copy of the LPC budget.

Levy and Community Pharmacy England

Community Pharmacy England's income is exclusively raised from pharmacy owners via a levy on all LPCs in England.

The levy is apportioned according to the % share of total NHS income available to pharmacy owners in each LPC area, e.g If pharmacy owners in LPC 'A' have 10% of the FP34C revenue then LPC 'A' pays 10% of the total Community Pharmacy England levy

This method, including having an annual recalibration was subject to consultation with LPCs and agreed by the Conference of LPC Representatives in 2022, following the Review Steering Group proposals, which had the support of pharmacy owners

The Committee discusses budget, levy and workplans for the coming financial year at its February meeting, and detailed information is then sent to LPCs in an annual planning letter. Further information is available in the LPC area of our website.

Ahead of the 2026/27 year, indicative levy figures will be shared earlier with LPCs, to help your financial planning.

Project Funding

Some LPCs receive funding either directly from the local NHS or through another regional LPC in respect of supporting specific initiatives for improving or developing the roles of pharmacies in the provision of health care. These funds are usually subject to a Memorandum of Understanding (MOU) which specifies the use to which funds can be applied and specifies the deliverables that are expected from their application. Such funds are not “income” of the LPC and are neither mutual nor non-mutual sources of revenue. The MOU effectively establishes a “trust relationship” between the funder and the LPC where the LPC is given the authority to administer the funds in line with the instructions of the funder as set out in the MOU or similar document. The funds therefore never belong to the LPC and it is highly recommended that they are ring fenced in a separate bank account preferably denoted as a trust account. This would protect them from any financial insolvency of the LPC.

The LPC should keep full records of all income and outgoings that pass through this trust account as it will need to account for the use of the funds to the funder.

When funding has been agreed the LPC should not raise an invoice for this as it is not LPC income but should submit a “funding request” or “claim”. By raising an invoice, the LPC potentially exposes itself to corporation tax and possibly VAT as an invoice indicates that a supply has been made (which it clearly has not).

In some cases, the LPC may have agreed with the funder to charge an administration fee or a fee for other services it may have provided out of the funding. In such a case the LPC should submit an invoice to the “trust fund” and then transfer an equivalent sum from the trust account to its own bank account. The LPC’s income from this source would not be mutual trading income but would be non-mutual trading income which would be subject to corporation tax and possibly VAT.

Project funding should not be brought into the calculation of whether the VAT registration threshold has been reached. However, any fees charged by the LPC against the project fund should be brought into the calculation of taxable income.

Further advice is being sought on treatment of historical funds, especially where the original funding organisation now ceases to exist. Resultingly, wording may be supplemented.

Finance and audit subcommittee

Each LPC should appoint a subcommittee of at least 3 of its members which should be drawn from each of the different representative groups which should meet at least quarterly to oversee the following:

- Appointment of external qualified Accountant (and Auditor if applicable).
- Presentation and proposal of the annual budget for approval by the whole committee.
- Oversee the Implementation of financial controls and review these at least annually
- Oversee the preparation of an annual budget and its approval
- Oversee the preparation and presentation of management accounts
- Oversee the preparation and presentation of the annual financial statements
- Liaise with the external accountant and consider any recommendations they might make.
- Approve the accounts for presentation to the members for their final approval at the annual general meeting.
- Organise the annual general meeting.

The subcommittee should produce written terms of reference which must include the above responsibilities but should not be solely limited to these.

Internal controls

Whilst the size of an LPC will determine the complexity and scale of controls that can be implemented, the list below is for guidance as to what is seen as good practice.

- Segregation of duties. No individual should have total control over executing a transaction, recording it and authorising payment for it. Ideally these are 3 separate functions but in very small LPCs it may be permissible to combine 2 of these but never all 3.
- Payment authorisation whether by cheque or online banking should require 2 people to execute for transactions in excess of £<for the LPC to determine> .
- Orders for goods and services in excess of £<for the LPC to determine> should be approved in advance by at least 1 other member from the finance sub-committee.
- All pay increases, bonuses or any benefits and expense claims need to be approved a 2nd person who is a member of the finance sub-committee.

- It is recommended good practice that all LPCs document their financial systems and controls and that these are formally approved by the LPC. This is important so that in the event of staff changes there is a document which can be followed by successors.
- It is also recommended good practice to maintain a financial risk register: this will also assist the accountant when he carries out his annual review/audit.
- A further recommendation for good governance is the maintenance of a “Declaration of Interests” register a template of which is included in the Community Pharmacy England ‘s LPC Governance Guide, available in the LPC members area of the Community Pharmacy England website.

Budgeting

- LPCs should prepare an annual budget before the start of each financial year and this should be prepared based on the template in this pack in [Appendix 3](#). If an LPC has a particular income or cost line not allowed for in the template and the amount is significant then it should be added to the template.
- Ideally budgets should be prepared on a “zero cost base” at least once every 3 years and in the intervening 2 years a cost + or – basis is acceptable. Guidance on how to draw up a zero cost base budget is included in this pack in [Appendix 4](#).
- The budget should never be the sole work of one person, but input should be sought where appropriate from staff and members in their particular area of expertise.
- The budget once set and approved should not be changed as this makes consistency of management reporting impossible.
- For those LPCs following the model constitution it states in 16.4. “The Committee shall send to the NHS a copy of its agreed budget not later than one month prior to the beginning of the financial year for which the budget applies, and for which a request has been made to the NHS for the payment of the Committee’s expenses under paragraph 3.1.6.” [Prior to 1 April 2013, NHS England was known as the NHS Commissioning Board]. In practice this will be via an established contact within the contract teams via the relevant NHS ICB. A directory is available, see: <https://www.england.nhs.uk/primary-care/pharmacy/pharmacy-contract-teams/>
- For good practice and transparency the budget should also be available to pharmacy owners on the open area of the LPC website.

- When preparing a budget consideration must be given to making provision for a suitable level of reserves. A guide on reserves policy is included at [Appendix 10](#).

Record keeping

An LPC must at all times keep full and proper accounting records in order to comply with its obligations under the NHS Act 2006. The records must include all receipts and invoices for income and expenditure, bank statements and bank reconciliations as well as payroll and expense claims. These can either be kept in paper or electronic form but must be organised in such a way that they be accessed without undue difficulty or delay. The keeping of records is best carried out by a suitably experienced or qualified bookkeeper or treasurer. All records should be kept for a minimum of 6 years with one notable exception that certificates of employer's liability insurance need to be kept indefinitely.

Use of accounting software packages

LPCs are encouraged to use an established accounting package such as "SAGE", "ZERO" or "Freeagent" as this makes it easier (and hence more cost-effective) for an accountant to download the necessary data in order to produce annual fully compliant financial statements. LPCs should discuss the choice of software with their retained accountant as they may have a preferred interface/package. When using accounting software, the templates will form the basis of the reporting lines or chart of accounts for the LPC. Template monthly management accounts are available in [Appendix 5](#).

Reporting and Filing requirements of an LPC

As an unincorporated body an LPC does not need to file accounts at Companies House but it may need to file accounts with HMRC together with a corporation tax return for its *non-mutual trading* activities (if it has any). An LPC which has an obligation to file a corporate tax return will need to do so online using the special IXBRL format which will almost certainly require the services of a qualified accountant. The return must be accompanied by the LPC's accounts which also need to be in IXBRL format. This is dealt with in more detail below. However, an LPC still needs to produce accounts for its pharmacy owners approval and to satisfy the requirements of Section 167 (12), (13) and (14) of the NHS Act 2006. If it has adopted the model constitution within this pack then the requirement to produce annual accounts is stated within that document.

Form of annual accounts

Although an LPC does not need to comply with the reporting requirements as set out in the Companies Act it still needs to produce accounts which comply with *UK Generally Accepted Accounting Practice (UK GAAP)*. All the LPCs will fall under the definition of smaller entities and therefore should adopt the financial reporting standards as set out in FRS102 1A which can be accessed at: <https://www.frc.org.uk/library/standards-codes-policy/accounting-and-reporting/uk-accounting-standards/frs-102/>

The most relevant point about *UK GAAP* is that the financial statements should always be produced on “accruals basis” in other words financial statements should never be prepared on a “receipts and payments” basis and adjustments must always be made for debtors and creditors and items such as *depreciation*. This is essential in order to achieve comparability from year to year and also between LPCs.

Where relevant consolidated accounts should be prepared with appendices for regional and federated accounts.

The template of annual accounts in this pack in [Appendix 6](#) should be given to your retained accountant to adopt unless the LPC has a qualified accountant as a committee member with the skills to produce accounts in this format.

Annual reporting date

LPC's should prepare their budgets and annual financial statements for twelve periods ending 31 March in order to aid comparability with other LPCs.

Common problems encountered with LPC accounts

Over the years many problems have arisen with regard to LPCs' annual accounts and those have a knock-on effect on LPC regime at local and national level. A list of the most common and serious problems is given in this pack at [Appendix 7](#).

Accountants/Auditors

As a direct consequence of the above all LPCs need to engage the services of a qualified accountant (unless they have this skill in-house) in order to prepare annual financial statements which are fully compliant and possibly also prepare a corporation tax return. Preferably the

accounts should be audited for the larger LPCs but there is no requirement under the model LPC constitution to do so and for smaller LPCs using a qualified accountant for the preparation and/or the examination of internally prepared accounts enabling them to provide the LPC with an Assurance Report at [Appendix 8](#), should suffice. It is important that the accountant engaged is made aware that if the LPC's accounts presented to him for review do not comply with UKGAAP then his brief is to redraft them so that they do comply.

The auditor or accountant must issue an audit or assurance report on the accounts which should be attached to the accounts circulated to LPC members.

Approval of the Annual Accounts at the AGM

When the accountant has issued a report, and the accounts have been approved by the Finance and Audit sub-committee, and the full committee then they must be circulated to all pharmacy owners prior to the AGM with voting forms for those unable to attend. A template voting paper can be found in the LPC members area of the Community Pharmacy England website – for CCA member companies, a single voting paper must be sent to the contact for each company with contracts in the LPC area (the list of CCA member companies and the contact is also on the site). Each company will return the form block voting for all the contracts held in the LPC area. At the AGM postal votes plus those pharmacy owners attending the meeting to vote will determine if the accounts are accepted. See the model LPC Constitution section 18 for the details.

Community Pharmacy England also provides guidance on holding online or hybrid AGMs using – see the LPC members' area of the Community Pharmacy England website.

Other Important Issues for LPCs to Consider

VAT

Whilst there is a VAT exemption for the levy income paid to LPCs by community pharmacy owners that exemption does not extend to other areas of income. Each LPC needs to regularly review its non-levy income to ensure that any income which is potentially subject to VAT does not exceed the registration threshold currently £90,000. It is important to realise that an LPC can register for VAT on a voluntary basis even if its income subject to VAT is less than the £85,000 threshold. The advantage of voluntary registration is that the LPC will be able to recover some of its VAT on expenditure items. This can be a complicated area and advice should be sought from the LPC's retained qualified accountant.

An LPC which is in receipt of any income below needs to take advice on whether it needs to register for VAT:

- Sponsorship income
- Sales of any publications or information to 3rd parties
- Sales of staff services
- Selling advice or support services
- Selling licences or rights

Where an LPC is not registered for VAT all income and expenses should be budgeted and reported inclusive of VAT when using the templates.

If an LPC is VAT registered for VAT then in most cases it will be “partially exempt” and entitled to recover only a proportion of its input VAT. In that case it should budget and report income and expenses excluding VAT and estimate the amount of irrecoverable VAT in its budgets as a separate aggregate figure. Its financial reporting should follow the same principle.

Payroll

LPCs will usually have a small payroll and for any payroll of fewer than 10 staff HMRC have a free payroll online filing system called “Basic PAYE Tools” which can be downloaded from their website at: <https://www.gov.uk/basic-payee-tools>.

The software deals with the HMRC filings for Real Time Information (RTI) (which is now compulsory for all payrolls) and produces payslips and all the end of tax year filings such as P60s. Although the software is fairly simple to use it should only be used by an in-house member of staff who has a basic understanding of payroll processes and PAYE and NI or who has under-gone training in this respect. In the absence of a suitable in-house person then consideration should be given to outsourcing the payroll either to the retained accountant or a suitable bureau. It should be noted that all payments paid directly to committee members such as Honoraria (as opposed to their employing companies) should go through the payroll the only exception being the re-imbursment of actual travel expenses to attend a committee meeting upon production of supporting evidence.

Guidance on LPC pay, reward and review of these arrangements are available to LPC Chairs, Treasurers and Chief Officers as part of the employment and HR advice to LPCs in the LPC area of our website. Benchmarking data on LPC expenses and pay is also available.

Employment Allowance

Businesses and charities who pay less than £100,000 employer's class 1 National Insurance contributions can benefit from "Employment Allowance" which is worth £10,500 for 2025/26 tax year. There was doubt in the past whether LPCs would be eligible to claim the allowance because of their connections with the NHS but a written opinion has recently been obtained from HMRC stating that LPCs are eligible to claim the allowance. Back dated claims for the allowance can be made for the previous 4 tax years.

Auto Enrolment Pensions

Every employer has a legal duty to set up an Auto Enrolment Pension Scheme for their employees. It is serious offence not to have such a scheme in place and to auto enrol employees when they qualify. Advice on this should be sought from the LPC's retained accountant or a payroll bureau.

Data Protection Act

Most organisations in the UK whether incorporated or not need to be registered with the Information Commissioners Office (ICO) if they keep or process any personal data. There are very few exemptions and it is an offence to keep such data without being registered. The annual fee for small organisations is £52 which will probably apply to most LPCs. Details of how to register can be found here: <https://ico.org.uk/for-organisations/data-protection-fee/>

Insurance

It is a legal requirement for all employers to have employer's liability insurance covering their employees. Community Pharmacy England provides employers liability insurance at no extra cost to LPCs. To arrange this cover LPCs must contact NPA Insurance direct, once in place Community Pharmacy England will pay the premium. The policy details can be found in the LPC members' area of the Community Pharmacy England website. Some LPCs may wish to consider making their own arrangements for public liability insurance which covers the committee for any accidents which a member of the public may have if visiting the committee's office.

In addition to employer's liability insurance Community Pharmacy England also provides professional indemnity insurance for all LPCs. No action is required by LPCs for this cover as it is applied to all LPCs without charge: the premiums are again paid for LPCs by Community

Pharmacy England. The policy details are in the LPC members' area of the Community Pharmacy England website.

A bespoke Directors and Officers and Management Liability Insurance is available to LPCs, via a preferential rating model. The cost is approximately £500pa which will need to be settled directly by the LPC. For further information, please contact the LPC support team lpc.support@cpe.org.uk

LPC Mergers

If two or more LPC's agree to merge, then the process is similar to the merger of 2 unincorporated partnerships. In the absence of agreement to the contrary all members of the 2 LPCs would automatically become members of the merged body. Neither LPC would "close down" but their activities, assets and liabilities would be combined in the merged body. Further information is available in the LPC transformation toolkits 1-4.

The following should be borne in mind:

- All suppliers, pharmacy owners, staff, bankers need to be informed of the new arrangements on or before the official merger date.
- Financial obligations and liabilities will remain with the members of the old LPCs (as they are generally unincorporated bodies) until suppliers have been informed and given the opportunity to voice any objections or concerns.
- Any assets such as investments may need to be transferred into new holders' names.
- As in partnership mergers not all members may wish to be members of the merged body and in that case, those retiring should be given an indemnity by continuing members that they will cease to have any responsibility for any actual or contingent liabilities in respect of their old LPC.
- In most cases the merged LPC will only require one bank account and therefore one of the LPC's accounts will be closed and money transferred to the other. If the account being closed has an overdraft, then this will need to be repaid first. New signatories should be considered for the surviving bank account so that both parties' interests are protected.
- Unlike a company there is no formal liquidation process.
- The merger does not affect any creditors rights including the rights of any claimants against either LPC.

- If one of the LPCs is insolvent (or potentially exposed to a large claim) then the members of the solvent LPC should seek legal advice as to whether should consummate the merger.
- Employment rights and obligations for each LPC will continue unaffected by the merger. Further advice is available to LPCs on employment matters, including considerations for mergers provided to all LPCs via the Clyde & Co LLP Employment Law Portal (See <https://www.clydescope.com/clydeco/LoginRequiredPage.action>)

Member Expenses

A template expenses policy is available for LPCs and is included in **Appendix 9** that has been specifically drafted to ensure that LPC members and officers are appropriately reimbursed for actual expenditure incurred during LPC business.

LPCs may wish to consider adopting the policy (if not already) as part of their business planning and budget setting for 2025/26, it may also be a suitable time to consider any changes to chargeable occasions or rates.

Templates

Editable template of the following documents are available in the LPC finance section of the LPC area of the our website, see : <https://cpe.org.uk/lpcs-and-local/lpc-members-area/lpc-finances/>

[LPC budget template \(editable MS Excel\)](#)

[LPC monthly management accounts template \(editable MS Excel\)](#)

[LPC annual accounts - template for accountants to use \(editable MS Word\)](#)

[Accountants assurance report - template for accountants to use \(editable MS Word\)](#)

[LPC Member Expenses Policy \(editable MS Word\)](#)

Additional resources include template terms of reference for a finance audit subcommittee, risk register and an asset register.

Need further advice?

If you have queries on this guide or you require more information please contact:

James Wood, Director of LPC and Member Support, Community Pharmacy England



E-mail james.wood@cpe.org.uk Direct Line 0203 1220 835 Mobile 07796 957988

Community Pharmacy England partnered with Chartered Accounts and Registered Auditors Sawin & Edwards LLP to produce this guide for LPCs. LPCs needing accountancy services or professional advice on wider financial management and governance can contact: Witold Sawin : wsawin@sawin-edwards.co.uk Telephone 020 7404 9700 <https://www.sawin-edwards.co.uk>

This guide was originally in collaboration with feedback from pharmacy owners and working with a group of Treasurers from the LPC network to review during development. Thank you for their contributions. It is reviewed periodically by Sawin & Edwards LLP.

APPENDIX 1

Glossary of terms

Mutual and non-mutual trading

Mutual trading by an entity refers to transactions with the entity's members such as the collection of subscriptions. Non-mutual trading involves make sales to any third parties who are not members of the entity such as selling a publication or receiving sponsorship income from a pharmaceutical company.

Generally Accepted Accounting Practice in the UK, or UK GAAP

This is the body of accounting rules and accounting framework establishing how company (incorporated or unincorporated) accounts must be prepared in the United Kingdom.

Depreciation

Depreciation is an accounting method of allocating the cost of a tangible or physical asset over its useful life or life expectancy. Depreciation represents how much of an asset's value has been used up in an accounting period.

[Note: LPC's may have purchased items such as computers, software, office furniture or carried out office improvements. Such expenditure should not be written off as a cost in the year of purchase, but their cost should be spread over a number of years by applying a suitable rate of depreciation.]

APPENDIX 2

CONSTITUTION of the < XXX >

- 5 Local Pharmaceutical Committee
- 6 Known as COMMUNITY PHARMACY xxxxxxxxxxxxxx
- 7

1. Definitions

In this Constitution –

“The Act” means the National Health Service Act 2006, as amended.

“Chief Officer” means the person employed or engaged by the Committee as its Chief Officer, Secretary, or Chief Executive Officer.

“The Committee” and “LPC” mean the Local Pharmaceutical Committee recognised by the NHS Commissioning Board (NHSCB) under the provisions of the Act as representative of the persons providing pharmaceutical services and persons providing local pharmaceutical services from premises in the area for which the Committee is formed.

“Health and Wellbeing Board” (“HWB”), means the Local Authority’s Health and Wellbeing Board or any successor organisation with a similar function for the area or part of the area of the LPC.

“NHS Commissioning Board” (“NHSCB”) means the body established under the NHS Act 2006 as amended also known as “NHS England”, or any successor organisation, by which the Committee is to be recognised under the provisions of section 167 of the Act.

“NHS Matters” includes NHS Pharmaceutical Services commissioned by the NHSCB and NHS services commissioned under arrangements made with Local Authorities or Clinical Commissioning Groups.

“Persons providing pharmaceutical services” means persons whose names are included in a pharmaceutical list who provide pharmaceutical services in the area of the LPC, excluding suppliers of appliances only.

“Persons providing local pharmaceutical services” means persons who are providing local pharmaceutical services (LPS) under an LPS scheme or under a pilot scheme made with the NHSCB in the area for which the Committee is formed, and where the person has notified the NHSCB that he wishes to be represented by the Committee (and has not notified it that he wishes to cease to be so represented).

“Pharmacy contractor” means a person providing pharmaceutical services or a person providing local pharmaceutical services from registered pharmacy premises in the area for which the Committee is formed.

“Representative” means a person who has agreed with a pharmacy contractor to stand as a member of an LPC on behalf of the pharmacy contractor.

“The Secretary of State” means the Secretary of State for Health.

8 2. Name of Committee

The Committee shall be the “..... Local Pharmaceutical Committee” (as required by the NHS Act 2006) and [from 1 April 2023, or the date of the next Committee] known as ‘Community Pharmacy XXX’ [unless the name has been changed already].

3. Duties

3.1. Governance and Finance

3.1.1. The Committee shall conduct its affairs in accordance with accepted principles of good governance, in particular preparing and publishing an annual budget, and complying with the principles set out in ‘Guidance on LPC Governance’ published by Community Pharmacy England.

3.1.2. The Committee shall ensure that the appropriate structures and resources are in place to discharge its duties efficiently and effectively and the Committee may set up subcommittees of the Committee for this purpose. The structures and resources may be part of pooled arrangements with one or more other Committees.

3.1.3. In considering whether the structures and resources mentioned in paragraph 3.1.2 are appropriate, the Committee shall consider whether this may be achieved by collaboration with other Committees as mentioned in 3.4.3.

3.1.4. The Committee shall maintain appropriate management and administrative structures to ensure the Committee’s business is carried out efficiently and effectively. The management and administrative structures may be part of pooled arrangements with one or more other Committees.

3.1.5. The Committee shall respond to any request for an inquiry by a contractor who believes that the Committee or an officer of the Committee has acted unconstitutionally,

by holding a meeting of the Committee to deal with the matter and to report to all pharmacy owners represented by the Committee.

3.1.6. The Committee shall request the NHSCB to allot to the Committee such sums as are required to defray the Committee's administrative expenses and for any sums so allotted to be taken from the monies available for the remuneration of pharmacy pharmacy owners.

3.2. Representation of pharmacy pharmacy owners

3.2.1. The Committee shall receive, and where appropriate respond to, consultations by the NHSCB and HWB on behalf of the pharmacy pharmacy owners in the area for which the Committee is formed.

3.2.2. If there is no member of the Committee working in or on behalf of a pharmacy contractor in the area of any of the HWBs listed in paragraph 4, the Committee shall ensure that there are adequate arrangements to ensure the representation of pharmacy pharmacy owners in those HWB areas is not compromised.

3.2.3. The Committee shall, where appropriate, respond to other national or local consultations which are relevant to the pharmacy pharmacy owners in the area for which the Committee is formed.

3.2.4. The Committee shall appoint or nominate representatives to any committee, subcommittee, working group or other body on which representation of pharmacy pharmacy owners is required.

3.2.5. The Committee shall make representations to the NHSCB and HWB on matters of importance to pharmacy pharmacy owners.

3.2.6. The Committee shall make representations to the Regional Representative of the Community Pharmacy England on matters of importance to pharmacy pharmacy owners.

3.3. Support for pharmacy pharmacy owners

3.3.1. The Committee shall ensure transparency and equality of information and opportunity for all pharmacy pharmacy owners in matters relating to the local commissioning of NHS services.

3.3.2. The Committee shall use its best endeavours to advise any pharmacy contractor who needs help or assistance on NHS matters. The LPC is not however, able to provide legal advice as this must be given by a qualified solicitor or by counsel. In cases where legal advice may be needed on matters relating generally to the LPC's pharmacy owners, rather than relating to an individual contractor, the LPC may at its discretion, assist with funding such legal advice.

3.3.3. The Committee shall provide appropriate levels of guidance and support to pharmacy pharmacy owners or groups of pharmacy pharmacy owners in the formulation of bids for funds held at any level and advise on submissions for LPS and local commissioning.

3.3.4. The Committee may establish or assist in the establishment of a body corporate formed for the sole purpose of supporting the interests of pharmacy pharmacy owners, provided that the memorandum and articles of the body corporate are agreed at a general meeting of the Committee by a two thirds majority of the total votes cast (including postal votes).

3.3.5. The Committee's assistance of such a body corporate as mentioned in 3.3.4 above shall be withdrawn if requested by a majority of the pharmacy pharmacy owners voting (including by postal vote) at a general meeting.

3.3.6. The Committee shall consider any complaint made by any pharmacy contractor against another pharmacy contractor involving any question of the efficiency of the Pharmaceutical Services as empowered by Regulations.

3.4. Relationships with other bodies, in the interests of pharmacy pharmacy owners

3.4.1. The Committee shall aim to establish effective liaison with commissioners and other bodies concerned with the National Health Service in the area for which it is formed.

3.4.2. The Committee shall respond to requests to investigate complaints made by such bodies alleging breaches of governance by members or officers of the Committee.

3.4.3. The Committee shall have a duty to consider collaborating with other Committees, where this may benefit pharmacy pharmacy owners.

3.4.4. The Committee shall collaborate as appropriate with Community Pharmacy England on all matters relating to the provision of pharmaceutical services and local pharmaceutical services.

3.4.5. The Committee shall aim to collaborate with other pharmaceutical bodies and other non-pharmaceutical bodies to the benefit of pharmacy pharmacy owners.

4. Recognition of the Committee

4.1. The Committee is recognised by the NHS Commissioning Board under the provisions of section 167 of the Act as representative of the pharmacy pharmacy owners in the area(s) of the following Health and Wellbeing Boards:-

[LIST ICBs and HWBs]

4.2. The Committee is recognised by NHS England in relation to pharmaceutical services (which are commissioned by NHS England). As the services that can be provided by pharmacy extends to those that may be commissioned by other commissioners including CCGs and Local Authorities, the Committee will seek to gain recognition as the representative body for pharmacy pharmacy owners by building strong relationships with these other organisations.

5. Membership

5.1. The Committee shall determine the number of members of the Committee. 5.2. The members shall be pharmacy pharmacy owners or representatives of pharmacy pharmacy owners and shall be elected or appointed in accordance with the following paragraphs.

5.3. The Company Chemists' Association (CCA) shall be entitled to appoint members to the Committee in proportion to the number of CCA member company pharmacy contractor premises in the area for which the Committee is formed. The CCA and member companies of the CCA shall not be eligible to participate in the election of other members.

5.4. The Association of Independent Multiple Pharmacies (AIMp) shall be entitled to appoint members to the Committee in proportion to the number of AIMp member company pharmacy contractor premises in the area for which the Committee is formed. The AIMp and member companies of the AIMp shall not be eligible to participate in the election of other members.

5.5. A pharmacy contractor other than a member company of the CCA or AIMp owning several pharmacies in the area for which the Committee is formed shall be entitled to appoint members

to the Committee in proportion to the number of its pharmacy contractor premises in the area for which the Committee is formed. If such a pharmacy contractor does appoint members, it shall not be eligible to participate in the election of other members.

5.6 In this paragraph, where appointments are made in proportion to the number of contractor premises, the entitlement to appoint the first member will arise only if the total number of contractor premises of the appointing body equals or exceeds the number that results from dividing the total number of contractor premises in the area of the LPC by the number of members of the Committee determined under paragraph 5.1.

5.7. Pharmacy pharmacy owners other than multiples that appoint members under 5.5 above, CCA pharmacy owners and AIMp pharmacy owners, shall be entitled to elect members to the Committee in accordance with paragraph 7 below.

5.8 For members subsequent to the first, the number of members appointed shall be in proportion to the number of contractor premises owned within the appointing body, applying rounding rules as determined by the LPC.

5.9. If there is no elected or appointed member of the Committee working in or representing a pharmacy contractor with premises in each of the areas of the HWBs listed in paragraph 4, the Committee should, when appointing members under the provisions of paragraph 15.2, ensure where possible that there is at least one member in each HWB area.

5.10. The regional representative of the Pharmaceutical Services Negotiating Committee in whose region the Committee is located shall be entitled to attend and speak at any meeting of the Committee, but may not vote unless he is a member of the Committee. The regional representative of the Pharmaceutical Services Negotiating Committee in whose region the Committee is located shall also be entitled to attend and speak at any meeting of pharmacy pharmacy owners called by the Committee, but may not vote unless he is a pharmacy contractor in the area for which the Committee is formed.

5.11. The Committee may invite observers to attend meetings of the Committee.

5.12 Observers may be allowed to speak at meetings of the Committee, but shall not have a right to vote.

6. Appointment to the Committee

6.1. The CCA shall notify the Committee of the identity of the members it wishes to be appointed to represent the CCA as soon as practicable, and in any event with three months of any vacancy arising

6.2. The AIMp shall notify the Committee of the identity of the members it wishes to be appointed to represent the AIMp as soon as practicable, and in any event with three months of any vacancy arising.

6.3. Pharmacy pharmacy owners entitled to appoint members under paragraph 5.5 shall, prior to any election, notify the Returning Officer whether it wishes to appoint members and if so, the number of members it wishes to appoint to the Committee, up to the entitlement calculated in accordance with paragraph 5.5 above, and shall notify the Committee of the identity of the members to be appointed as soon as practicable, and in any event not later than three months after the date of the vacancy arising.

7. Meetings of the Committee

7.1. If requested beforehand by the LPC, the Returning Officer shall give not less than seven days' notice to the members of the Committee of the time and place of the first meeting.

7.2. The Chief Officer shall give not less than seven days' notice to the members of the Committee of the time and place of any meetings of the Committee.

7.3. A member who is unable to attend a meeting of the Committee may appoint another member of the Committee as proxy to vote on that Member's behalf at any such meeting provided that the proxy is declared at the commencement of the meeting.

7.4. Between meetings, urgent matters that require the decision of the Committee may be dealt with by electronic communications (including electronic voting), if appropriate, provided that the Chief Officer and Chair are satisfied that arrangements can be made for discussions, and voting where necessary can be carried out securely.

7.5. The Chief Officer shall, if requested so to do by the Committee, summon a general meeting of the pharmacy owners, and shall give not less than seven clear days' notice to each pharmacy contractor, stating the time and place of the meeting and the objects for which it has been summoned.

8. Quorum

8.1. The number of members of the Committee who shall form a quorum of the Committee shall be a simple majority of the total membership.

8.2. For the purpose of this paragraph, the total membership of the Committee shall not include the members whose appointment under paragraph 6 has not yet been made.

8.3. If neither the Chair nor the Vice Chair of the Committee is present at the time that a meeting of the LPC is scheduled to commence, the members present may appoint an appropriate person to act as Chair for the duration of that meeting, or until the Chair or Vice Chair attends.

9. Term of Office

9.1. Subject to paragraph 10 and the Rules, members of the Committee shall hold office from 1 April in the year of the election or appointment for a period of 4 years. [Except that the term of office starting on 1 April 2022 shall be postponed until 1 April 2023, or to the date of the Committee starting in 2023, and current LPC members shall hold office for a period of 5 years or more.] [Except that the term of office starting in 2023 shall end on 31 March 2027.]

9.2. The maximum period of office from 1 April 2023 for members of the Committee shall be 12 years, generally three terms of four years [To include all membership of the Committee after 1 April 2023, but no membership of the Committee before that date.]

9.3. In the event of a current or imminent pandemic disease that is a serious risk, or potentially a serious risk, to human health during the fourth year of a term of office, that period of office may be extended for a period of up to 12 months, if agreed by the Committee.

10. Disqualification or Retirement of Members

10.1. Where a member of the Committee was at the time of election a pharmacy contractor and then ceases to be a pharmacy contractor in the area for which the Committee is formed, the seat is vacated, although the person will be eligible for appointment by the Committee.

10.2. Where a member of the Committee was at the time of election or appointment acting on behalf of a pharmacy contractor and either the pharmacy contractor represented ceases to be a pharmacy contractor in the area for which the Committee is formed, or the pharmacy contractor on whose behalf the member is acting notifies the Committee that the member no

longer acts on behalf of that pharmacy contractor, the seat is vacated, although the person will be eligible for appointment by the Committee.

10.3. Where a member of the Committee was at the time of appointment a representative of the CCA and the CCA notifies the Committee that the member no longer represents the CCA pharmacy owners, the seat is vacated.

10.4. Where a member of the Committee was at the time of appointment a representative of the AIMp and the AIMp notifies the Committee that the member no longer represents the AIMp pharmacy owners, the seat is vacated.

10.5. Where an elected or appointed member of the Committee has been absent from three consecutive ordinary meetings of the Committee to which the member was summoned, the Committee shall invite an explanation and declare the seat vacated, unless satisfied that the absence was due to reasonable cause. A member disqualified for non-attendance shall not be eligible to be appointed or elected to the Committee for the remainder of the Term of Office of the Committee.

10.6. Notwithstanding paragraph 10.5 above, where an elected or appointed member of the Committee has been absent from more than 50% of the ordinary meetings of the Committee to which he has been summoned in any 12-month period, the Committee shall invite an explanation and declare the seat vacated, unless satisfied that the absence was due to reasonable cause. A member disqualified for non-attendance shall not be eligible to be appointed or elected to the Committee for the remainder of the Term of Office of the Committee.

10.7. A member of the Committee may, at any time, resign, by notice to the Chief Officer to the Committee.

11. Method of Filling Vacancies

11.1. Whereby reason of the removal, resignation, death or disqualification of an elected or appointed member of the Committee, or a nominating body failing to nominate within three months of the first meeting of the Committee a member to occupy a reserved place, a vacancy in the membership of the Committee occurs, the Committee may, within a reasonable period after its occurrence, appoint a person to fill the vacancy.

11.2. Between elections, the Committee may appoint members to maintain the appropriate number of members, and if doing so, shall where possible and proportionate ensure the

composition of the Committee reflects the mix of pharmacy pharmacy owners in the area for which the Committee is formed.

11.3. If the person to be appointed is to be representative of the CCA pharmacy owners, the Chief Officer shall inform the CCA and seek recommendations of the person to be appointed, and the Committee shall appoint such person recommended.

11.4. If the person to be appointed is to be representative of the AIMp pharmacy owners, the Chief Officer shall inform the AIMp and seek recommendations of the person to be appointed, and the Committee shall appoint such person recommended.

11.5. If the person to be appointed is to be representative of a pharmacy contractor eligible to appoint members to the Committee under paragraph 5.5, the Chief Officer shall inform the pharmacy contractor and seek recommendations of the person to be appointed, and the Committee shall appoint such person recommended.

11.6. If the person to be appointed is to be representative of pharmacy pharmacy owners who are eligible to vote in an election, the Chief Officer shall notify such pharmacy pharmacy owners of the vacancy and invite expressions of interest. Expressions of interest will be considered if they are received by the Chief Officer within 7 days of despatch of the notice. The Committee shall appoint the person who, in its opinion, is the most suitable, without holding an election.

11.7. The person so appointed shall hold office for the remainder of the period for which the member in whose place he is appointed would have been entitled to hold office.

11.8. Pending any such appointment, the proceedings of the Committee shall not be invalid by reason of such vacancy.

12. Information to be sent to NHS England & Community Pharmacy England

12.1. The Chief Officer shall, as soon as practical, inform NHS England and Community Pharmacy England of the names and addresses of the persons appointed to the Committee and of changes arising from vacancies in the membership of the Committee.

12.2. The Committee shall on request, send to NHS England a copy of the Committee's agendas and minutes of any meetings or parts of meetings that were 'open' (non-confidential), unless they are readily available on the Committee's website.

12.3. The Committee shall send to NHS England a copy of the Annual report prepared under paragraph 13.1 once it has been presented to the pharmacy pharmacy owners.

12.4. The Committee shall send to NHS England a copy of its agreed budget not later than one month prior to the beginning of the financial year for which the budget applies, and for which a request has been made to NHS England for the payment of the Committee's expenses under paragraph 3.1.6.

13. Annual Report and Annual General Meeting

13.1. The Committee shall prepare each year a report of its proceedings together with a statement of accounts which have been examined by an independent professionally qualified accountant who holds a practising certificate, and this report and statement of accounts shall be circulated to all pharmacy pharmacy owners and Community Pharmacy England within six months of the completion of the period to which the report relates.

13.2. Within six months of the end of the Committee's financial year an annual general meeting will be convened with at least 30 days' notice given to pharmacy owners. The notice shall be accompanied by the statement of accounts or shall include the web address on which the statement of accounts can be accessed. A postal or electronic voting form to permit pharmacy pharmacy owners to cast a postal or electronic vote, whether to approve the accounts, will be provided in hard copy or be made available by email or on a website, as appropriate, should they be unable to attend the annual general meeting.

13.3. A postal or electronic vote shall be valid only if sent by the pharmacy contractor so as to be received by the Chief Officer not later than 48 hours before the date and time the annual general meeting is scheduled to begin.

13.4. A pharmacy contractor who has sent a postal or electronic vote may attend and vote at the annual general meeting but must notify the Chief Officer before casting any votes, the postal or electronic vote will then be invalid.

13.5. At the annual general meeting, the annual report will be presented and any other business as necessary conducted.

13.6. The Committee shall seek the approval of the accounts at the annual general meeting by ballot of pharmacy pharmacy owners. The accounts shall be approved if the total votes cast in

favour of approval, in person and by valid postal or electronic vote exceed those votes cast opposing acceptance of the accounts, in person and by valid postal or electronic vote.

13.7. A pharmacy contractor voting by post or at any general meeting shall be entitled to cast one vote for each of the pharmacy contractor's premises in the area for which the Committee is formed.

13.8 In paragraph 13.1 'circulated' includes circulating of hard copies, or by email or by publishing on a website and bringing to the attention of the intended recipients the web address at which the recipients are able to access the report.

14. Amendment of Constitution, Rules and Approved Governance

14.1. This Constitution may be amended only in accordance with the procedure in this paragraph and (on a transitional basis) paragraph 16.

14.2. The Chief Officer shall, if requested so to do by not less than two-thirds of the members of the Committee or one-third of the pharmacy pharmacy owners, summon a special general meeting of the pharmacy owners, and shall give not less than seven clear days' notice to each pharmacy contractor, stating the time and place of the meeting and the proposed amendments of the Constitution for which it has been summoned.

14.3. The meeting summons will also include a voting form to allow the contractor to register a vote on the amendment by returning the completed form to the LPC Chief Officer at any time before the vote is taken at the meeting.

14.4. In this paragraph a pharmacy contractor is to be interpreted as one contractor for each of the pharmacy contractor premises, he owns in the area for which the Committee is formed.

14.5. Any amendment to the Constitution must be carried by a two-thirds majority of the total votes cast.

14.6. The Rules and Approved Governance may be amended by the Committee by a two-thirds majority of the total votes cast, except that Rule 3 may be amended only as if it were a part of the Constitution (by contractor vote).

14.7. The Chief Officer shall at the same time as issuing the summons under Paragraph 14.2, notify the Chief Executive Officer of Community Pharmacy England of any proposed amendment to

the Constitution, Rules or Approved Governance and shall include a copy of the revised document.

15. Finance

15.1. The income and property of the LPC shall be applied solely towards the promotion of the functions set out in paragraph 3, and any surplus in any one year shall be carried forward into subsequent years.

15.2. The expenses of the Committee and, through the Committee, of Community Pharmacy England, shall be met by contributions from pharmacy pharmacy owners in the area for which the Committee is formed. Payments to Community Pharmacy England shall be by automatic payment and the Committee shall ensure that pharmacy owners in the area for which the Committee is formed are made aware of the amount of such payments.

15.3. The Committee shall have authority to agree payment of remuneration and expenses to officers of the Committee, and expenses and attendance allowances to members of the Committee engaged on Committee business.

15.4 The Committee shall publish details of payments made under paragraph 15.3, any payments made for pooled resources under paragraph 3.1.4., and any loans used for the establishment or assistance of bodies corporate established under paragraph 3.3.4, with the Accounts presented with the Annual Report.

15.5. The Committee shall have authority to agree payment of remuneration and expenses to employees of the Committee.

15.6. The Committee shall have the authority to acquire any freehold or leasehold property for the purpose of carrying out any of its functions set out in paragraph 3.

16. Transitional provisions

16.1. The Committee established prior to 1 January 2022 continues for the remainder of its term of office, and until a new committee is elected and appointed as provided for in the Constitution and Rules.

16.2. Amendments to the Constitution may be made by a two-thirds majority of the Committee, as part of implementing the Pharmacy Representation Review (RSG) recommendations

approved by pharmacy owners in England in 2022, provided that those proposed amendments have been agreed in advance by Community Pharmacy England, following consultation with LPCs generally.

RULES of the xxxxxxxxxxxxxx
LOCAL PHARMACEUTICAL COMMITTEE
Known as COMMUNITY PHARMACY xxxxxxxxxxxxxx

1. These Rules are the Rules agreed by the Committee in accordance with the Constitution and the definitions in the Constitution apply to the Rules.

2. Fit and Proper Person

2.1. A member or officer of the LPC is expected to be a fit and proper person, and shall at all times act in a way that preserves and protects the reputation of the Committee.

2.2. Members or officers may be elected or appointed to the Committee on their own account, or may be acting on behalf of a pharmacy contractor.

2.3. To ensure that the obligation in 2.1. is satisfied, the Committee may suspend or remove from membership any member or officer who personally or, where the member or officer is acting on behalf of a pharmacy contractor, that contractor-

2.3.1. is suspended or removed from a pharmaceutical list;

2.3.2. has been suspended or removed from a register by a professional or regulatory body;

2.3.3. has been convicted of a criminal offence for which a penalty of imprisonment may be imposed;

2.3.4 has been subject to any relevant sanction affecting fitness to be a member of the LPC or fitness to practise.

2.4. Before deciding whether to suspend or remove the member or officer from the Committee, the Committee shall ask the member or officer for an explanation, and may consider any written or verbal response, provided these have been provided within the reasonable timescales specified by the Committee.

2.5. Any period of suspension shall be kept under review, and shall be lifted if the Committee is satisfied that the reputation of the Committee will not be harmed.

2.6. A member or officer may be suspended from the Committee under paragraph 2. if subject to investigation by any relevant body and the subject of any interim order or relevant decision or determination.

2.7. A person removed from the Committee under paragraph 2. shall be ineligible for election or appointment to the Committee for the remainder of their term of office and the Committee may consider the person ineligible for the subsequent term of office.

3. Election to the Committee

3.1. An election shall take place every four years to elect the balance of the members, having regard to the number of members appointed in paragraphs 6.1, 6.2 and 6.3 of the Constitution.

3.2. The administration necessary to confirm the number of members that are to be appointed may be carried out at any time after 31 October in the year preceding the election, so that the process for identifying the candidates who will participate in the election (if any) can begin as soon as practicable after the 1st day of January in the year when an election is to be held.

3.3. Electors

3.3.1. Every pharmacy contractor (other than members that have exercised their rights to appoint members under paragraph 6.3 of the Constitution) shall be an elector and shall be entitled to participate in the election.

3.3.2. Each elector shall be entitled to one vote for each of the elector's pharmacy contractor premises in the area for which the Committee is formed, and be asked to complete a voting form for each such premises.

3.4. Returning Officer

3.4.1. The Returning Officer shall be a person other than an elector appointed for the purpose by the Committee and in the event of absence, or inability to act, shall appoint some person, other than an elector to take this place.

3.4.2. The Committee shall provide such support to the Returning Officer as is necessary to ensure the timely conclusion of the election. The Committee shall indemnify the Returning Officer for any reasonable costs howsoever arising, incurred by the Returning Officer acting in good faith in pursuance of the duties of the Returning Officer that are set out in this Constitution.

3.4.3. The Returning Officer shall determine the total number of pharmacy contractor premises in the area for which it is formed; the number of pharmacy contractor premises owned by the CCA member companies in the area for which the Committee is formed; the AIMp member companies in the area for which the Committee is formed, and identify any other pharmacy contractor owning a sufficient number of pharmacy contractor premises in the area for which the Committee is formed to be eligible to appoint members under paragraph 5.5 of the Constitution, together with the number of its premises. The numbers shall be those existing on 31 October in the year preceding the election, or an appropriate date.

3.4.4. The Returning Officer shall notify the CCA of the number of places which it is entitled to appoint.

3.4.5 The CCA may, within 28 days from the date of despatch of the notice, inform the Returning Officer if it wishes to appoint fewer than the number of members to which it is entitled.

3.4.6. The Returning Officer shall notify the AIMp of the number of places which it is entitled to appoint.

3.4.7 The AIMp may, within 28 days from the date of despatch of the notice, inform the Returning Officer if it wishes to appoint fewer than the number of members to which it is entitled.

3.4.8. The Returning Officer shall notify any pharmacy contractor eligible to appoint members under paragraph 5.5 of the Constitution of the number of places which the pharmacy contractor is entitled to appoint.

3.4.9. The pharmacy contractor so notified may, within 28 days from the date of despatch of the notice, inform the Returning Officer of the number of persons it wishes to appoint. If the pharmacy contractor does not inform the Returning Officer that it is exercising its entitlement to appoint members to the Committee, the pharmacy contractor shall be eligible to participate in the election.

3.4.10. The Returning Officer shall then calculate the number of places to be filled by election.

3.4.11. In the event that the number of appointed members equals or exceeds the total size of the Committee, there shall be one additional place to be filled by election.

3.5. Nominations

3.5.1. The Returning Officer shall notify each elector of the number of members to be elected and invite nominations. The notice shall specify the last day and hour for the receipt of nominations and shall be sent so as to be delivered to the elector not less than fourteen days before the day specified thereon.

3.5.2. Candidates for election shall be nominated in a form acceptable to the Returning Officer to include details of the candidate's community pharmacy experience and skills. Candidates for election may not be members of the AIMp, or have a beneficial ownership in any pharmacy multiple that has exercised its right to appoint members to the Committee under paragraph 6.3 of the Constitution.

3.5.3. Nomination forms shall be supported by two different electors (who shall not be the candidate, or electors in which the candidate has a business interest).

3.5.4. The nomination shall be valid only if it is received by the Returning Officer before the date and time specified in the notice. The Returning Officer will acknowledge receipt of each nomination.

3.5.5. Where the number of valid nomination forms received does not exceed the number of vacancies, the Returning Officer shall declare those candidates elected, otherwise a postal or electronic ballot shall be held.

3.5.6. If any vacancies remain unfilled because an insufficient number of candidates have been nominated, the persons elected to the Committee may fill the vacancies by appointing additional members.

3.6. Ballot

3.6.1. The Returning Officer shall despatch to each elector a voting paper setting out the date and time for receipt of votes, which shall be not less than 14 days from the date of despatch of the voting paper.

3.6.2. The voting paper shall list the name of each candidate and specify the number of votes to be cast on the voting paper, which shall be equal to the number of vacancies.

3.6.3. The voting papers shall be accompanied by the relevant information from the nomination forms.

3.6.4. The elector may cast up to the number of votes specified but may not cast more than one vote for any candidate on each voting paper.

3.6.5. The voting paper shall be valid only if it is returned to the Returning Officer so that it is received not later than the date and time specified on the voting paper.

3.6.6. The Returning Officer shall examine the voting papers, and after rejecting any that are invalid shall count the votes recorded on the remaining papers, and shall prepare a list of candidates in order of number of valid votes received.

3.6.7. The Returning Officer shall declare to be elected those persons who are highest on the list such that the vacancies are filled.

3.6.8. The LPC may decide that its policy is that if the votes received by any two or more candidates are equal, one additional place shall be assigned if that is sufficient to determine the outcome of the election. If the LPC does adopt this policy, it shall ensure that this is communicated to electors on the ballot forms. Otherwise, the ballot shall be decided by the drawing of lots for the tied candidates.

3.6.9. The Returning Officer shall give notice in writing of the result of the election to each of the persons elected and to all the candidates.

3.6.10. Where any document is, under the Constitution and Rules, required to be sent to an elector, it shall be deemed to have been duly sent if it has been delivered or posted direct to the address which is stated in the electors' list to be the address or the place of residence of the elector.

3.6.11. If the Returning Officer is satisfied that arrangements can be made for secure electronic ballot, the ballot may be conducted electronically, with appropriate adjustment to the ballot procedure described above.

3.7. No election shall be invalid by reason of any misdescription or noncompliance with the provisions of the Constitution and Rules, or by reason of any miscounted or of the non-delivery, loss or miscarriage in the course of post of any document required or authorised by the

Constitution and Rules to be dispatched by post if the election was conducted substantially in accordance with the provisions of the Constitution and Rules.

3.8. Any question as to the validity of any nomination form or voting paper or otherwise in connection with an election shall be determined by the Returning Officer.

4. Appointment of Officers

4.1. The Committee shall appoint a Chair who need not be a member of the Committee.

4.2. The Committee shall appoint a Vice-Chair who need not be a member of the Committee.

4.3. The Committee shall appoint a Treasurer who need not be a member of the Committee.

4.4. The Committee shall appoint a Chief Officer, who need not be a member of the Committee.

4.5. The Chief Officer shall notify all such appointments to NHS England and to Community Pharmacy England.

4.6. In the event of the death, resignation or removal from office of the Chair, Vice-Chair, Treasurer or Chief Officer so appointed, the Committee shall appoint a person to act in that person's place.

4.7. The officers shall be paid such remuneration and expenses if any as the Committee deems appropriate.

4.8. The Officers other than those who are employed by or engaged under a contract for services to the Committee shall be appointed at the first meeting of the Committee and annually thereafter, and shall be eligible for re-appointment.

5. Duties of Officers

5.1. The duties of the Chair are to chair meetings of the LPC and where appropriate to lead delegations in meetings with NHS England, the ICB and the HWB and other organisations as appropriate.

5.2. The duties of the Vice-Chair are to deputise for the Chair in case of absence or at the request of the Chair.

5.3. The duties of the Treasurer are to be accountable for the proper management of all aspects of LPC finances and the payment of the levy to Community Pharmacy England.

5.4. The duties of the Chief Officer are determined by the LPC.

6. Management of the Committee

6.1. The Committee shall ensure the proper management of the business of the Committee, in order to carry out effectively its duties as set out in the Constitution and Rules, and in compliance with the principles of good governance.

6.2. The Committee may determine how it meets, which may include virtual meetings and, as appropriate, decisions may be made where there is virtual participation of members or the whole Committee meets virtually. Decisions may be made by e-mail, as appropriate.

6.3. The Committee may ask Community Pharmacy England to mediate if problems cannot be resolved satisfactorily.

7. Suspension / removal of members for breach of governance

7.1. Any member or officer of the Committee, or pharmacy contractor in the area for which the Committee is formed, may make a complaint to the Committee about an alleged breach of governance by any member or officer of the Committee.

7.2. The Chair, or if the complaint concerns the Chair, the Vice-Chair shall make arrangements for any such allegation or an allegation made under paragraph 3.4.2 of the Constitution to be investigated, if appropriate by a member, officer or governance panel of another LPC, and a report of the investigation and its findings shall be prepared.

7.3. The member or officer shall be invited to provide an explanation or to comment to the investigator before the report is prepared.

7.4. On receipt of the report, the Committee shall decide whether the allegations appear to be substantiated and to decide whether the principles of good governance have been breached.

7.5. If the Committee decides that there has been such a breach, the Committee may decide:

7.5.1. To take no further action;

7.5.2. To issue a warning to the officer or member;

7.5.3. To suspend the member from the Committee for a specified period; or

7.5.4. To remove the officer or member from the Committee. In this case, the member shall not be eligible for election or appointment to the Committee for the current Term of the Committee or 12 months, whichever is the greater.

7.6. In the event of a tied vote, the Chair (or the Vice-Chair if the case involves the Chair) shall have a second, or casting vote.

APPENDIX 3

Annual Budget Template

**XXX Local Pharmaceutical Committee
Budget for 2020-21**
LPC

	Apr Budget	May Budget	Jun Budget	Jul Budget	2020 Aug Budget	Sep Budget	Oct Budget	Nov Budget	Dec Budget	Jan Budget	2021 Feb Budget	Mar Budget	Total Budget	Prior Year Actual
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Income														
NHSBA Contractor	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000	x
Use of PharmOutcomes Licenses	500	500	500	500	500	500	500	500	500	500	500	500	6,000	x
Other Income	500	500	500	500	500	500	500	500	500	500	500	500	6,000	x
Meeting Sponsorship	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Interest received	50	50	50	50	50	50	50	50	50	50	50	50	600	x
Dividend/ Investment income	20	20	20	20	20	20	20	20	20	20	20	20	240	x
Capital gains						1,000						1,000	2,000	x
Total Income	13,670	13,670	13,670	13,670	13,670	14,670	13,670	13,670	13,670	13,670	13,670	14,670	166,040	x
Expenditure														
Staff Employment costs														
Gross Wages	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000	x
Employers NI	200	200	200	200	200	200	200	200	200	200	200	200	2,400	x
Auto Enrolment pensions	150	150	150	150	150	150	150	150	150	150	150	150	1,800	x
Admin assistance	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Locum cover	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	x
Honorarium				250	250	250	250	250	250	250	250	250	750	x
Human Resource services	180	180	180	180	180	180	180	180	180	180	180	180	2,160	x
Training Costs			400			400			400			400	1,600	x
Total for staff employment costs	6,130	6,130	6,530	6,380	6,130	6,530	6,380	6,130	6,530	6,380	6,130	6,530	75,910	x
Establishment Costs														
Rent	200	200	200	200	200	200	200	200	200	200	200	200	2,400	x
Cleaning	50	50	50	50	50	50	50	50	50	50	50	50	600	x
Office and Equipment repairs	20	20	20	20	20	20	20	20	20	20	20	20	240	x
Office contents and equipment insurance	15	15	15	15	15	15	15	15	15	15	15	15	180	x
IT support costs	20	20	20	20	20	20	20	20	20	20	20	20	240	x
Software licenses incl Microsoft and w	20	20	20	20	20	20	20	20	20	20	20	20	240	x
Depreciation of fixtures, fittings and IT	20	20	20	20	20	20	20	20	20	20	20	20	240	x
Total for Establishment costs	345	345	345	345	345	345	345	345	345	345	345	345	4,140	x
Meeting Costs														
PSNC Meeting costs	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Refreshments and catering for meeting	30	30	30	30	30	30	30	30	30	30	30	30	360	x
Room Hire for Meetings	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Travel and subsistence	375	375	375	375	375	375	375	375	375	375	375	375	4,500	x
Total for meeting costs	605	605	605	605	605	605	605	605	605	605	605	605	7,260	x
Insurance, PPS, Telephone etc.														
Employers and Public liability insurance	25	25	25	25	25	25	25	25	25	25	25	25	300	x
Office stationery	200	200	200	200	200	200	200	200	200	200	200	200	2,400	x
Postage and Carriage	20	20	20	20	20	20	20	20	20	20	20	20	240	x
Mobile charges	50	50	50	50	50	50	50	50	50	50	50	50	600	x
Sundry Expenses	50	50	50	50	50	50	50	50	50	50	50	50	600	x
Total for insurance, PPS, tel etc.	345	345	345	345	345	345	345	345	345	345	345	345	4,140	x
Levies and License fees														
Pharmoutcomes Licenses	850	850	850	850	850	850	850	850	850	850	850	850	10,200	x
PSNC Levy	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	44,400	x
Accountancy Fees	250	250	250	250	250	250	250	250	250	250	250	250	3,000	x
Audit fees				5,000									5,000	x
Professional Fees	30	30	30	30	30	30	30	30	30	30	30	30	360	x
Total levies and license fee co	4,830	4,830	4,830	9,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	62,960	x
Communications														
Events - other costs	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Events- Venue hire and catering	40	40	40	40	40	40	40	40	40	40	40	40	480	x
PR Consultants	30	30	30	30	30	30	30	30	30	30	30	30	360	x
Website costs	10	10	10	10	10	10	10	10	10	10	10	10	120	x
Social Media	10	10	10	10	10	10	10	10	10	10	10	10	120	x
Total communications costs	190	190	190	190	190	190	190	190	190	190	190	190	2,280	x
Finance														
Loan interest	5	5	5	5	5	5	5	5	5	5	5	5	60	x
Bank charges			12			12			12			12	48	x
Total finance charges	5	5	17	5	5	17	5	5	17	5	5	17	108	x
Irrecoverable VAT														
	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Total costs	12,550	12,550	12,962	17,800	12,550	12,962	12,800	12,550	12,962	12,800	12,550	12,962	157,998	x
Surplus/(Deficit) before tax	1,120	1,120	708	- 4,130	1,120	1,708	870	1,120	708	870	1,120	1,708	8,042	x
Corporation Tax	100	100	100	100	100	100	100	100	100	100	100	100	1,200	x
Surplus/(Deficit) after tax	1,020	1,020	608	- 4,230	1,020	1,608	770	1,020	608	770	1,020	1,608	6,842	x

APPENDIX 4

Zero Based Budgeting Guidance

A healthy exercise for an organisation is to prepare a zero based budget (ZBB) every few years. Community Pharmacy England has gone through this exercise twice in recent years and it has resulted in a move of office to London, staff reorganisation and knowledge that every pound of pharmacy owners' money is being spent to the best effect.

What is a zero-based budget?

There may be a tendency to set a budget by applying a blanket change or no change to the levy income. Essentially this is a cost based budget which is a quick and easy way to set a budget. Zero-based budgeting can lower costs by avoiding blanket increases or decreases prior to a period's budget.

It is, however, a time-consuming process that takes much longer than traditional, cost-based budgeting.

How is it done?

The ZBB method of budgeting is where all expenses must be justified. Zero-based budgeting starts from a "zero base" and every function within an organization is analysed for its needs and costs. Budgets are then built around what is needed for the upcoming period, regardless of whether the budget is higher or lower than the previous one.

In other words every single line of expenditure – LPC meeting costs, staff and salaries, insurance, office supplies, website, PR, office equipment, for example – are scrutinised. Is there a better way of doing things, is that spend a priority, is that cost reasonable – are some of the questions to ask.

A zero-base budget requires LPCs to justify all of their budgeted expenditures, rather than the more common approach of only requiring justification for incremental changes to the budget or the actual results from the preceding year. Thus the LPC is theoretically assumed to have an expenditure base line of zero.

The basic process flow under zero-base budgeting is:

- Identify the LPC objectives
- Create and evaluate alternative methods for accomplishing each objective
- Evaluate alternative funding levels, depending on planned performance levels
- Set priorities

Advantages of Zero-Base Budgeting

There are a number of advantages to zero-base budgeting, which include:

Alternatives analysis: Zero-base budgeting requires that LPCs to identify alternative ways to perform each activity (such as keeping it in-house or outsourcing it), as well as the effects of different levels of spending. By forcing the development of these alternatives, the process makes members consider other ways to run the committee.

Budget inflation: Since LPCs must tie expenditures to activities, it becomes less likely that they can artificially inflate their budget – the change is too easy to spot.

Communication: The zero-base budget should spark a significant debate among the LPC members about the LPC priorities and how they can be achieved.

Elimination of non-key activities: A zero-base budget review forces LPCs to decide which activities are most critical to the work of the committee. By doing so, they can target non-key activities for elimination or outsourcing.

Identification of shared resources: The review may reveal that the same activities are being conducted by neighbouring LPCs that a joint approach might be more cost effective.

Required review: Using zero-base budgeting on a regular basis makes it more likely that all aspects of an LPC will be examined periodically.

Resource allocation: If the process is conducted with the overall LPC role and priorities in mind, an LPC should end up with strong targeting of funds in those areas where they are most needed.

In short, many of the advantages of zero-base budgeting focus on a strong, introspective look at the operation of the LPC and exactly how the LPC is allocating its resources in order to achieve its objectives.

Disadvantages of Zero-Base Budgeting

The main downside of zero-base budgeting is the high level of effort required to investigate and document activities; this is a difficult task even once a year, which causes some entities to only use the procedure once every few years, or when there are significant changes within the LPC structure.

Other drawbacks are:

Gamesmanship: Some personnel may attempt to skew their budget reports to concentrate expenditures under the most vital activities, thereby ensuring that their financial allocation will not be reduced.

Intangible justifications: It can be difficult to determine or justify expenditure levels for areas of a business that do not produce “concrete,” tangible results. For example, what is the correct amount for promotion of community pharmacy, and how much should be invested in service development activities? The following page provides an example of a zero based budgeting exercise to help get you started.

ZBB example Identify

ZBB work areas for the LPC so for instance:

IT

- Maintenance contracts
- Equipment procurement
- Website administration
- Telephones – office; mobile

Externally procured – general

- Accountancy
- Public relations
- Equipment and office supplies

Support

- Staff resource
- Contractor events
- Advice + support
- Social media
- Website
- Publications
- Proactive communications
- CPCF developments

Services

- Service monitoring
- Advice on local services
- Development of service specifications
- Promoting pharmacy and services

Legal + regulatory

- Advice to pharmacy owners – market entry, contract requirements, other NHS
- Advice to pharmacy owners – contract requirements and other NHS

Committee business + travel

- Other external meetings
- Other

Add items to this list and take away non relevant items. Then challenge each line – what is being done? Is it part of the core role? If not why is it being done? Do we need to be doing it? If yes – is there a better way to do it

APPENDIX 5

Management Accounts Template

XXX Local Pharmaceutical Committee
Management Accounts for June 2020 (Month 3)

XYZLPC	Actual	Budget	Actual	Variance	Notes re
Income	3 months to	3 months to	12 months	Actual/	Variances
	30-Jun-20	30-Jun-20	31-Mar-20	Budget	
NHSBA Contractor	35,750	37,500	150,000	-1,750	1 contractor has dropped out
Use of PharmOutcomes Licenses	1,500	1,500	5,500	0	
Other Income	1,600	1,500	1,200	100	
Meeting Sponsorship	0	300	1,000	-300	No meetings held due to COVID
Interest received	145	150	600	-5	
Dividend/ Investment income	75	60	200	15	
Capital gains	0	0	0	0	
Total Income	39,070	41,010	158,500	-1,940	
Expenditure					
Staff Employment costs					
Gross Wages	10000	9000	35,000	1,000	Bonus paid to Secretary for extra workload due to COVID
Employers NI	700	600	2500	100	
Auto Enrolment pensions	475	450	1850	25	
Admin assistance	2000	300	2500	1,700	Extra admin time required due to COVID procedures
Locum cover	7250	7500	27,810	-250	
Honorarium	0	0	0	0	
Human Resource services	650	540	3740	110	
Training Costs	500	400	2200	100	
Total for staff employment costs	21575	18790	75600	2785	
Establishment Costs					
Rent	600	600	2400	0	
Cleaning	200	150	800	50	
Office and Equipment repairs	1000	60	750	940	Photocopier and printer repairs
Office contents and equipment insurance	46	45	160	1	
IT support costs	350	60	700	290	Additional support for staff working remotely
Software licenses	60	60	55	0	
Depreciation of fixtures, fittings and IT	60	60	85	0	
Total for establishment costs	2316	1035	4950	1281	
Meeting Costs					
PSNC Meeting costs	0	300	1250	-300	No meetings held due to Covid
Refreshments and catering for meetings	0	90	220	-90	No meetings held due to Covid
Room Hire for Meetings	0	300	630	-300	No meetings held due to Covid
Travel and subsistence	450	1125	3900	-675	No meetings held due to Covid
Total for meeting costs	450	1815	6000	-1365	
Insurance, PPS, Telephone etc.					
Employers and Public liability insurance	75	75	300	0	
Office stationary	650	600	2800	50	
Postage and Carriage	250	60	50	190	Mailshot to contractors
Mobile charges	145	150	120	-5	
Sundry Expenses	125	150	230	-25	
Total for insurance, PPS, tel costs	1245	1035	3500	210	
Levies and License fees					
PharmOutcomes Licenses	2480	2550	11,000	-70	
PSNC Levy	11200	11100	44,000	100	
Accountancy Fees	800	750	5000	50	
Audit fees	0	0	2000	0	
Professional Fees	350	90	0	260	Legal costs regarding an HR issue
Total levies and license fee costs	14830	14490	62000	340	
Communications					
Events - other costs	0	300	1700	-300	No events due to Covid
Events - Venue hire and catering	0	120	400	-120	No events due to Covid
PR Consultants	300	90	540	210	costs re mailshot
Website costs	32	30	100	2	
Social Media	40	30	110	10	
Total communications costs	372	570	2850	-198	
Finance					
Loan interest	14	15	138	-1	
Bank charges	11	12	150	-1	
Total finance charges	25	27	288	-2	
Irrecoverable VAT					
	280	300	1056	-20	
Total costs	41,093	38,062	156,244	3,031	
Surplus/(Deficit) before tax	-2,023	2,948	2,256	-4,971	
Corporation Tax	0	300	150	-300	no non mutual trading in 3 months
Surplus/(Deficit) after tax	-2,023	2,648	2,106	-4,671	

APPENDIX 6

LPC Annual Accounts Template



An editable template this documents is only available in the LPC finance section of the LPC members' area of the Community Pharmacy England website [LPC Finances - Community Pharmacy England \(cpe.org.uk\)](https://www.cpe.org.uk) and can be used as a **template for LPC Treasurers working with their agreed accountants to use.**

APPENDIX 7

Common Problems With LPC Accounts

- No accounting bases or policies stated in the accounts.
- There is no standardisation to how the accounts are presented – this makes some of them difficult to follow and causes confusion. All LPC accounts should follow UKGAAP.
- No comparative figures vs the last financial year presented in the accounts.
- Careless presentation – basic arithmetic has identified errors in what has been presented.
- No balance sheet presented: only income and expenditure.
- Accounts not prepared on accruals basis.
- No depreciation of fixed assets or assets written off as expenditure.
- Opening balance sheet reserves not agreeing with previous year.
- Accounts being published with known discrepancies that have not been resolved at the point of publishing
- Lack of clarity and explanation – where expenditure / income varies significantly to last year. Accounts should have explanatory notes
- No statement from the accountants included – how can we be reassured that the account information presented has been examined by a professionally qualified accountant?
- No statement of who approved the accounts and when.
- Notice of AGM being provided but no accounts or voting papers being issued.

APPENDIX 8

Accountants Assurance Report Template

INDEPENDENT CHARTERED [CERTIFIED] ACCOUNTANTS' REVIEW REPORT TO THE COMMITTEE MEMBERS OF <name> LPC

We have reviewed the committee's financial statements for the year ended [date]², which comprise the [specify the titles of the primary statements]² and notes to the financial statements² and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Committee Members' Responsibility for the Financial Statements

As explained more fully in the Responsibilities Statement [set out on page X]², the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Accountants' Responsibility

Our responsibility is to express a conclusion on the financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) *Engagements to review historical financial statements* and ICAEW Technical Release TECH 09/13AAF (Revised) *Assurance review engagements on historical financial statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with United Kingdom Generally Accepted Accounting Practice. ISRE 2400 (Revised) also requires us to comply with the ICAEW Code of Ethics.¹

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the committee's affairs as at [date]², and of its profit [loss]² for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and

Use of our report

This report is made solely to the Committee's members, as a body, in accordance with the terms of our engagement letter dated [date]². Our review has been undertaken so that we may state to the committee's members those matters we have agreed to state to them in a reviewer's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's members as a body for our work, for this report or the conclusions we have formed.

[Firm name]

Chartered [Certified] Accountants [Address]

[Date]

APPENDIX 9

The model expenses policy is available in the LPC area of our website.

APPENDIX 10

Reserves guide for LPCs

We have previously advised LPCs of the need to have sufficient reserves to meet the financial commitments of the committee, including a guide of up to 50% of the next year's expenditure should be in reserves at 31st March each year.

The new guidance aims to be more flexible, setting out the principles used by Community Pharmacy England and encouraging each LPC to self-determine what are reasonable reserves

and proactively manage by formally reviewing the position, monitoring and making adjustments where necessary.

Principles

1. CPE’s Resource Development and Finance subcommittee regularly reviews CPE’s reserves policy.
2. CPE has a structured approach to reserve setting.
3. CPE considers that reserves are required for three discrete purposes:
 - a. To fund emergency or important projects
 - b. To maintain the operation of the organisation in the short term
 - c. To cover closedown costs
4. A target level is identified based on developing a range of options for these three purposes.
5. Actual reserves are identified from the statutory financial accounts.
6. Actual reserves are compared to target and a plan is put in place to make adjustments as necessary.
7. For example, an LPC may determine:
 - a. Target reserves are in the range £xx-£xx
 - b. Actual liquid reserves are £xx
 - c. Adjustment/no adjustment* was appropriate given the current circumstances, and the considering the risks of triggering need for reserves. (*delete as appropriate).

Background for LPCs

9

1. LPCs should determine what are reasonable reserves and proactively manage by formally reviewing the position, monitoring and making adjustments where necessary, such as:

10

Element	Basis minimum	£	Basis maximum	£	Notes
Unexpected spend					
Short-term running costs					
Close down costs e.g redundancy					



and professional advice/fees					
Totals					

2. LPCs interested in exploring moving to monthly levy payments to Community Pharmacy England, should contact our Finance Team by email: finance.team@cpe.org.uk

41

3. If the level of reserves is too high then the LPC should consider adjusting the amount of levy collected until the reserves are back to normal. If the level of reserves is too low then the LPC may need to consider the following measures: (a) overall approach to reserves (b) review the levy income (b) review the LPC expenditure (c) consider sustainability and LPC size, structure, (d) if necessary, consider a levy increase

42

4. The model constitution on rules gives LPCs the authority to **acquire any freehold or leasehold property for the purpose of carrying out any of its functions, however it doesn't enable risks to be taken with other capital investment.**