

Report for the Pharmaceutical Society of Ireland

Governance review

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Content

Section	Title	Page
	Executive summary	1
1	Introduction	5
2	The PSI governance journey so far	5
3	Governance benchmark	6
4	Review of the structure of governance	15
5	Performance of the Council and Committees	18
6	Council member development	22
7	Longer-term development plan	24
8	Staff training	25
9	Overall conclusions and recommendations	27

Appendices

1. Participants in the review
2. Evaluation of staff training
3. Skills matrix
4. Development plan
5. Table of recommendations
6. Template appraisal form

Acknowledgement

In conducting the governance review and providing training and governance support to PSI, the team at CIPFA would like to thank the contribution and cooperation of the PSI Council, the Registrar and staff, especially Dr Cheryl Stokes for her co-operation and participation.

Executive summary

1. The Chartered Institute of Public Finance & Accountancy (CIPFA) exists to promote excellence in financial management, governance and performance in those entities that provide public services and is a governance standard setter for public bodies.
2. Since November 2015, following a public tender process, CIPFA has been working to provide a regulatory governance review of, and support for, the Pharmaceutical Society of Ireland (PSI). This need is being driven by objectives in the PSI Corporate Strategy and Service Plan. To conduct this review, CIPFA examined key governance documents, we obtained information from Council members and PSI personnel through semi-structured interviews and we observed the December 2015 Council meeting (public session).
3. CIPFA firstly performed a benchmarking evaluation of the PSI's Corporate Governance Framework and governance practices against national and international standards. This included the DPER draft Code of Practice for the Governance of State Bodies (May 2015), Financial Reporting Council's 'The UK Corporate Governance Code (2014) and the CIPFA/IFAC International Framework for Good Governance in Public Bodies (2014). A summary of the outcome of the benchmarking exercise is shown as follows:

Standard	Outcome
Behaving with integrity	Substantial compliance
Ensuring openness	Full compliance
Defining outcomes and planning	Partial compliance
Developing PSI's capacity	Substantial compliance
Managing risks and performance	Substantial compliance
Implementing good practices in reporting	Substantial compliance

4. Overall, there are no fundamental weaknesses with the PSI Framework. Based on the work undertaken and the evidence we reviewed, CIPFA concludes that:
 - PSI is still a young organisation and has well developed governance directives and processes that have been established in a relatively short space of time.
 - PSI seeks to proactively enhance its governance arrangements to ensure they comply with good practice.
 - PSI has an established Governance Framework (2009) which was independently reviewed in 2011 against the DPER Code of Practice for the Governance of State Bodies (2009).
 - There are many areas where PSI complies with good governance practice, notably in its openness and transparency, governance policies and procedures, leadership capacity and managing risk.
5. There are some areas where the PSI Framework can be updated, such as publishing the interests of Council Members (and key staff) and any gifts or hospitality received. In addition, PSI can enhance the existing Framework to ensure consistency with the DPER Draft Code, for example the business and financial reporting principles and practice.

6. There are no fundamental weaknesses in the Standing Orders for the Council or Committees. However they could be strengthened to reflect the leading role of the President as Chair of the Council.
7. In support of the PSI Framework, we also reviewed PSI's governance structures to ensure a values based approach to governance. We found that throughout PSI culture is clearly focussed on public service and patient safety. However, to be more effective, there is a need for the PSI Council to achieve a balance between conformance (i.e. with legislation, policy and procedure) and performance (reflecting its values to achieve the desired objectives and outcomes).
8. PSI and its Council have a real opportunity to build on the improvement journey taken over the last 12 months and move towards being seen as a model of governance excellence. To achieve this journey successfully, some structural changes should be considered:
 - The current size of the Council (21 members), is too big to function at maximum effectiveness.
 - The election process through which practising pharmacists are appointed to the Council contains inherent risks and potential weaknesses, for example in the setting of fees as Council makes a recommendation to the Minister as to whether fees for registrants should be changed.
 - The annual election of the President and Vice-President (de facto the Chair and Vice-Chair of the Council) from within the Council carries risks that future Presidents may not have the range of skills and experience required to chair such a public body.
 - The statutory requirement that the President must be a practising pharmacist carries risks that the broad range of leadership skills needed to Chair a public body such as PSI are overtaken by the priority for professional standing.
9. CIPFA considered the evaluation of the Council's performance at three interlinked levels: the individual, the Committee and then collectively as a Council. As there is presently no structured way to appraise members and their contribution to the Council, we recommend that an annual appraisal is introduced. This should be on a self-assessment basis which is reviewed by the President as part of a review meeting. The reviews can be consolidated to identify supporting actions required for the Council as a whole. The contribution of Non-Council members of Committees should also be appraised on an annual basis by self-appraisal and reviewed by the Committee Chair with review meetings being held on an exceptional basis, as required.
10. Overall, CIPFA found that the structure of the Council's Committees worked well in practice. There is a degree of uncertainty about the work of the Audit Committee but having the Chair of the Audit Committee appointed from the Council should give its work greater exposure. The Chairpersons Committee could make a greater contribution to the effectiveness of the Council by re-visiting its purpose, role and refreshing its terms of reference.
11. Committee performance should be reviewed annually at one of the meetings and this could be overseen by the Chairpersons Committee.
12. Council members find the annual 'strategy day' is helpful to spend time 'outside the boardroom'. This should continue as it provides a focus on strategy setting, service plan development and implementation, collective performance of the Council and implementation of outcomes.

13. The requirement for the whole Council to consider Fitness to Practise complaints and inquiries is hugely time consuming for Council members. The legislation, disciplinary structure and associated processes contribute to this and should be reviewed.
14. Whilst there are benefits and pitfalls of splitting the Council's public and private meetings in to two separate days to enable the Council's business to be conducted more effectively, CIPFA recommends that Council business should be conducted on the same day. This could be achieved by adopting more efficient ways of working and integrating the time set aside for training.
15. There are a number of ways that Council business can be conducted more efficiently:
 - Consistently provide cover notes in reports to Council;
 - Identify of priority documents e.g. by colour coding (to correspond with the agenda) to aid navigation through the papers;
 - Make papers more accessible i.e. when available rather than seven days prior to meetings (this may mean revisiting the timing of Committee meetings);
 - Develop members' speed reading techniques.
16. From our analysis of Council member profiles and from our interviews and observations, PSI has a high-calibre governing body with well qualified, experienced people who care passionately about the work of the PSI. Also, our skills survey showed that Council members assessed themselves as competent/proficient in the knowledge/understanding of values and behaviours expected of a public office holder. A relatively small number of Council members (up to four) believe their skills are less than competent in some categories we identified (finance being the main one).
17. Training is regularly provided to Council members, including induction training for Council members (June 2015) which was well structured and well received. The immediate development needs of the Council is less about training in the principles and practice of good governance and more about the Council functioning collectively and working together to address how the Council can be more effective. With this objective in mind, a two-hour workshop was successfully developed and facilitated by CIPFA in January 2016. The workshop covered the following issues and helped to inform this review.
 - Appraisals of Council and Committee members;
 - Methods to address longer-term development needs of the Council;
 - Ways of reviewing Council and Committee effectiveness (in terms of collective leadership, decision-making) and the way business is conducted.
18. PSI also requires a longer-term training and development plan for the Council which is included in Appendix 4. This is based on our analysis of the Council's need for collective leadership, teamwork and support to help fulfil the role for example: aspects of the Council's Code of Conduct, Fitness to Practise case techniques and policy developments. The following training methods can be used which will enable Council members to work together outside the boardroom and enhance leadership and team building:
 - A periodic strategic 'away day';
 - A series of workshops preceding Council meetings on specific topics;
 - A half-day training course in Finance;
 - On-site visits to pharmacies might be helpful to gain practical insights into running a pharmacy e.g. how inspections work;

- Briefings around policy developments.

19. CIPFA also provided training to PSI staff on good governance principles and practice so as to enable staff to relate these to good practice, to the organisation and to their role. Overall, the outcome of the training was very well received and PSI's staff induction training would be enhanced by including governance principles such as values and behaviour. These could also be integrated into relevant HR processes.
20. In this review we have tried to integrate the various governance strands into a forward plan for PSI that provides a cohesive roadmap for PSI to follow. Implementation of this is now the priority which will require focussed and committed leadership by the President, Council and Executive team.
21. Throughout this report we have made recommendations based on our findings and conclusions. For ease of reference, we have summarised these in Appendix 5.

1 Introduction

- 1.1 Following an open tender procedure, the Chartered Institute of Public Finance & Accountancy (CIPFA) was selected as the successful tenderer for admittance to the PSI framework agreement and awarded an initial contract for a regulatory governance review of, and support for, the Pharmaceutical Society of Ireland (PSI).
- 1.2 CIPFA exists to promote excellence in financial management, governance and performance in those entities that provide public services. CIPFA is a self-appointed governance standard setter of entities that work in and with the public sector.
- 1.3 The PSI is an independent statutory body, established by the Pharmacy Act 2007. It is charged with, and is accountable for, the effective regulation of pharmacists and pharmacies in Ireland, including responsibility for supervising compliance with the Act. It works in the public interest to protect the health, safety and wellbeing of the public by regulating the pharmacy profession and pharmacies.
- 1.4 The PSI regulates the professional practice of approximately 5,600 pharmacists, 390 pharmaceutical assistants and 1,880 pharmacies. The main role of the PSI includes:
 - Registration of pharmacists and pharmacies;
 - Improving the profession of pharmacy including ensuring that all pharmacists are undertaking appropriate continuing professional development (CPD);
 - Setting of standards for pharmacy education and training;
 - Accreditation of educational programmes for the pharmacy profession at different levels;
 - Quality assurance of standards, and the development of pharmacy practice;
 - Inspection and enforcement, including the taking of prosecutions;
 - Handling complaints and disciplinary matters, including the imposition of sanctions;
 - Provision of advice to the Government on pharmacy care, treatment and service in Ireland.
- 1.5 The PSI is governed by a 21 member Council, with a non-pharmacist majority, appointed by the Minister for Health. The primary role of the PSI Council is protection of the public interest through the effective regulation of the profession and practice of pharmacy.

2 The governance journey so far

- 2.1 Established in 2007, PSI is a relatively new public body. In December 2014, the Council approved the PSI's 2015 Service Plan which considered the governance objectives as set out in the Corporate Strategy 2013-2017. This identified a number of priority objectives for 2015, focussing on enhancing the PSI's organisational and regulatory governance. This strategic priority sets the context for this governance review.

3 Governance benchmark

3.1 The benchmarking review established the extent to which PSI measures up against best practice and identified the governance issues that need to be addressed by PSI. Specifically, CIPFA performed a benchmarking evaluation of the PSI's Corporate Governance Framework (which we refer to in this report as the 'PSI Framework') and governance practices against national and international standards.

3.2 In terms of our approach and methodology to the benchmarking review, we:

- Identified the good governance benchmark which included the Department of Public Expenditure and Reform (DPER) draft Code of Practice for the Governance of State Bodies (2015), which we have referred to as the 'DPER Draft Code', and the CIPFA/IFAC International Framework for Good Governance in Public Bodies (2014), which we refer to as the 'International Framework'.
- From the International Framework and DPER Draft Code we identified the high level components of good governance as they apply to PSI. This provided the benchmark on which the PSI Framework was reviewed.
- We identified and reviewed the relevant documentation, systems and processes within PSI that provided the evidence base for the benchmarking exercise.
- With information gathered from the above, we carried out our comparative analysis, combining the evidence with our professional judgement.
- To arrive at our conclusions regarding the degree of compliance between the frameworks and standards, we used a generally accepted four-stage range from full compliance to non-compliance, with substantial and partial compliance in between.

3.3 We have structured this section of our report to be consistent with the International Framework and standards as follows, together with a summary of the outcome of the benchmarking exercise. This is shown as follows:

Standard	Outcome
Behaving with integrity	Substantial compliance
Ensuring openness	Full compliance
Defining outcomes and planning	Partial compliance
Developing PSI's capacity	Substantial compliance
Managing risks and performance	Substantial compliance
Implementing good practices in reporting	Substantial compliance

We will now report on each of the standards by explaining what they are, why they are important, what we found in PSI and our conclusions and recommendations.

Behaving with integrity

- 3.4 According to the International Framework, behaving with integrity is important because Council Members should promote a culture in which focussing on achieving PSI's objectives and acting in the wider public interest is the norm. The Council should do this by taking the lead in establishing, and living up to, specific values for the PSI and its staff. The Council is a role model for PSI and so it is important that it keeps its values at the forefront of its own behaviour, decision-making and other actions. The values can also be used to promote an ethical culture throughout PSI. This can be achieved by defining and communicating codes of conduct, holding frequent staff consultations, exemplary behaviour, training, performance assessment and reward processes.
- 3.5 CIPFA found the values, purpose and vision of PSI are clearly set out in PSI's corporate documents and on its website. These incorporate a number of the seven principles of Public Life¹ (otherwise known as the Nolan Principles which are selflessness, integrity, objectivity, accountability, openness, honesty and leadership) showing standards expected of those in public life and form the basis of longer-term planning. Values should be explicit, unambiguous and memorable so that they guide PSI Council, staff, stakeholders, partners and the wider system. Some of PSI's values are general and would benefit from some elaboration e.g. 'Accountability and Responsibility' is a value, but there is no further explanation of this. PSI would benefit from regular consideration of the way the statement of values applies in practice. This could be reviewed by the Council as part of the 'strategic day'.
- 3.6 The DPER Draft Code states that all State Bodies should have published Codes of Business Conduct for their directors and employees. The Code should be prepared via a participative approach, and should be approved by the Board. Up-to-date Codes of Business Conduct should be available on the State Body's website and should be brought to the attention of all directors, management and employees. We found that PSI has a Code of Conduct for Council and Advisory Committee Members (Appendix E of the PSI Framework). The PSI Code requires that Members are expected to read the Code of Conduct and sign an acknowledgement verifying that they agree to adhere to the standards in the Code and to act at all times in accordance with its terms.
- 3.7 PSI provides these documents to Council members at induction training and they are requested to return the documentation to the Head of Corporate Governance and Public Affairs. Committee members are provided with a letter of appointment and requested to acknowledge this to the Head of Corporate Governance and Public Affairs. However, unlike the Code of Conduct for PSI employees, which has to be signed, dated and returned to human resources, in the PSI Framework, we could not see directions for Council members. We recommend that instructions for returning declarations are included in the PSI Framework.
- 3.8 The PSI Framework (section 4.1.2) helpfully makes reference to breaches of the Code of Conduct by Council members and refers these to the Registrar, which is not always evident in other public bodies. The Framework could be strengthened to include an investigation process when cases are reported to the Registrar, as well as highlighting any sanctions for breaches following investigation, which could include reminder, rebuke, warning or ultimately dismissal in very serious cases of gross misconduct. This should be discussed further with the Department of Health who has the ultimate sanction of removing members from office. The role of the President in any sanctions should also be made clear.

¹ [Standards matter: A review of best practice in promoting good behaviour in public life, Committee on Standards in Public Life, January 2013, p 24.](#)

- 3.9 The PSI has a Code of Conduct for employees which sets out principles such as integrity, confidentiality, obligations, loyalty, fairness, work/external environment, media, dress code and breaches of the Code. The Code was approved in November 2009 and has been updated in the staff handbook since 2011. The Staff Code of Conduct should make reference to the requirements of the PSI ICT policy that covers excessive use of social networking sites.
- 3.10 We found that induction training is provided to all new Council members. This is very comprehensive and includes information on PSI establishment, mission and vision. The training also includes Nolan Standards in Public life, functions of PSI, key work areas, remit, committees, offices of the Registrar, etc. New Council members are required to sign a form acknowledging that they have received the induction documents. A training record of induction documents is held centrally.
- 3.11 Good practice also requires PSI to have policies and procedures in place for the following:
- Conflicts of interest;
 - Procurement;
 - Protected disclosures;
 - Fraud;
 - Gifts & hospitality.
- 3.12 We found that PSI has a guide to the Protected Disclosures Act 2014 - the DPER Draft Code sets out external reporting options (paragraph 3.12). The PSI advised us that the Protected Disclosures policy is based on the model specified in SI 464 Industrial Relations Act 1990 (Code Of Practice On Protected Disclosures Act 2014) (Declaration Order 2015). PSI guidance includes the policy and procedure for workers to raise concerns either to PSI or to a third party and outlines protections when doing so. It would be helpful if the PSI Framework cross referenced the PSI Guide to Protected Disclosures.
- 3.13 The PSI Framework sets out guidance on Gifts and Hospitality (paragraph 4.1.3) that refers to schedule 1 paragraph 19 of the Pharmacy Act 2007. The section first refers to gifts of land, etc. which applies to the Council as a body and then refers to Appendix C which is a register of gifts and hospitality for individual members (which should be completed and passed to the Registrar who keeps it centrally). Although not a requirement of the DPER Draft Code, in the interests of openness, transparency and public trust, we recommend that this Register should be made available internally and externally, unless there is a reason for a member not to disclose this. This could include publication on the PSI website and also include Declarations of Interest.
- 3.14 The PSI Framework provides guidance on Declaration of Interests (paragraph 2.5.4). It includes provision for members to complete a Declaration of Interest Form as per Appendix C. Whilst the Framework makes it clear that the onus is on Council members to keep it updated, if there is a change in circumstances, it does not stipulate how often the Declarations of Interest must be completed, (for example annually, to account for changes in positions held by members and members' families). We understand this has now been instigated by PSI.
- 3.15 Whilst the legislation defines Conflict of Interest as it applies to Council, Committees and staff, CIPFA found the PSI Employee Code of Conduct includes limited guidance on Conflicts of Interest for PSI employees. Conflicts of Interest are not defined nor is reference made for potential Conflicts of Interest PSI employee family members may create. We recommend that Conflicts of Interest guidance for staff should be explicitly included in the staff Code of Conduct cross referenced to section 7.1 of the PSI Framework.
- 3.16 Good practice shows that the Council and staff should take decisions that are well informed, consistent with PSI's objectives and are in the public interest. We found the

information presented to the Council is consistent with this requirement. Whilst it is for the Council to decide what information should be presented to meetings to help make informed decisions, it would be useful for PSI to periodically review the information needed, especially to avoid any unnecessarily excessive detailed information.

- 3.17 From Council minutes reviewed, it is very clear what decisions were taken and the required follow-up action needed. The PSI Framework is quite specific about the functions, powers and obligations of the Registrar (section 5.1.4) as well as the matters reserved for decision by the Council (set out in Annex D).
- 3.18 The PSI Council needs to ensure that PSI complies with applicable statutes, legislation, regulations and best practice. We found that the PSI webpage and a number of corporate documents include information on the requirements of the Pharmacy Act 2007, which established the PSI as the statutory regulator of pharmacy in Ireland.
- 3.19 The website also provides information on statutory rules which set out in greater detail, the procedures operated by, and requirements of the PSI in carrying out its various functions under the provisions of the Pharmacy Act 2007.
- 3.20 Overall, CIPFA concludes that PSI substantially complies with good practice in this area. There are Codes of Conduct in place and training is provided to support these. The main ethical policies and procedures are established. Statutory requirements and the decision-making process are clear. There are some minor gaps between the PSI Framework and good practice which should be filled, e.g. expanding the investigation process and sanctions for breaches of the Code of Conduct for members.

Ensuring openness

- 3.21 According to the International Framework, ensuring openness is important because being transparent means PSI can show it acts in the public interest and maintain public trust and confidence. This can be achieved by being as open as possible about all their decisions, actions, plans, resource use, forecasts, outputs, and outcomes.
- 3.22 We found that the Council publish all meeting agendas, minutes (and where appropriate some papers) on the PSI website. All PSI Committees report to the Council in form of a summary report. PSI manages its partnerships through Memoranda of Understanding (MoU). For example a MoU exists between the Health Information and Quality Authority and PSI.
- 3.23 PSI has a Communications Strategy (2012), which includes a list of typical PSI communications in Annex 1 and a Media Policy (2015) which sets out designated spokespersons and how to handle media queries.
- 3.24 The PSI Corporate Strategy 2013-17 sets out the medium-term strategic objectives and the annual Service Plan sets out the operational business priorities for the year. The strategy and the current Service Plan are both accessible on the PSI website. The Service Plan for 2016 has just been approved by the Council.
- 3.25 PSI carries out numerous public consultations to help further its work in the development of strategy, policy, guidance and legislation. The publications section within the PSI website includes guidance, newsletters and core PSI publications.
- 3.26 Overall, CIPFA concludes that PSI fully complies with good practice in this area.

Defining outcomes and planning

- 3.27 According to the International Framework, defining outcomes and planning is important because the PSI needs to have a clear vision for its role and functions it provides. It should also have robust planning, control and performance cycles which cover strategic and operational plans and priorities. It is a requirement of the DPER Draft Code that

bodies will have statements of strategy (paragraph 1.12) and that the 'preparation and adoption of a strategic plan is the primary responsibility of the Board of the State Body'.

- 3.28 PSI has an agreed Strategic Plan which covers the 5 year period (2013 to 2017) and which brings together a number of strategic objectives:
- Promoting lifelong learning;
 - Continuing to assure high standards of patient care and good pharmacy practice;
 - Facilitating the development of pharmacy as a profession in Ireland;
 - Ensuring fair registration procedures;
 - Delivering an effective compliance system;
 - Ensuring the delivery capacity of the PSI;
 - Corporate governance;
 - Engaging with stakeholders;
 - Getting our message out.
- 3.29 There are 33 objectives in the strategy divided up into short and long term objectives. Such a high number of objectives can run the risk of losing focus on priorities and could reduce the significance of each objective. Therefore, PSI should consider more focus on its objective setting to identify the main priorities.
- 3.30 The PSI has an operational business plan (Service Plan) that sets out each objective and what actions are required to be taken to deliver on an annual basis. This is presented under the headings/themes of the corporate strategy to ensure clear linkages. The 2016 Service Plan was approved by the PSI Council in December 2015 and is available on the PSI website.
- 3.31 The PSI has an individual objective setting process for each member of staff which is part of a new performance management system introduced in January 2015. We found the objective setting process for staff is clearly aligned with organisational and departmental goals, as set out in the performance management guidance. As the first reviews under this system will take place in December 2015 and January 2016, it is a little early to see the monitoring of performance in operation but the alignment of personal, unit and organisational objectives is clearly intended.
- 3.32 Some PSI services are provided through partnerships. In these cases, the objectives need to be clearly set out and effectively monitored. We found evidence of this in samples such as draft Memorandum of Understanding (MoU) between the PSI and the Health Information and Quality Authority (HIQA) and the PSI agreement with the Royal College of Surgeons with regard to the Irish Institute of Pharmacy.
- 3.33 It is good practice for PSI to have a financial strategy that ensures its longer-term sustainability. This is not included in the Corporate Strategy (2013-2017) and the annual Service Plan includes a high level summary but only for the year of the plan. The Draft Code recommends a five year rolling financial plan (paragraph 1.15) for public bodies. This should be reflected in the PSI Framework and put into practice.
- 3.34 From the annual accounts and the 2015 service plan, we found PSI to be in a stable financial position. The Service Plan for 2016 estimates a small loss that will be funded from reserves in order to reduce the level of reserves held.
- 3.35 Good practice guides organisations to achieve Value for Money (VFM) in its income and spending processes, including capital investments and disposals. We found that the procurement function features strongly on the PSI website, highlighting the principles that govern the process. There is also reference to EU directives and the Code of Practice for the Governance of State Bodies (2009). This is also referenced in the PSI Framework (para 6.1.4) but on the website and in the Framework there is no explicit reference for PSI to achieve value for money beyond the procurement function. As achieving VFM is a core principle in the DPER Draft code (page 44), it should be explicitly referenced in the PSI Framework.

- 3.36 Overall, CIPFA concludes that PSI partially complies with good practice in this area. Whilst strategic and service plans are clear and well established, there is a need for a five-year rolling financial plan, an explicit emphasis to achieve VFM and further work to establish the effectiveness of PSI values in practice (which will be covered by other strands of this review).

Developing capacity

- 3.37 According to the International Framework, developing capacity is important to ensure structures are in place to enable the delivery of planned services. It also ensures that capabilities of the Council and senior management exist and are developed to successfully respond to a dynamically changing environment.
- 3.38 Good governance requires clarity about organisational roles and responsibilities at Council and management levels. All members of the PSI Council should have the appropriate skills and knowledge to exercise leadership which should be reviewed and assessed for training or development needs. High Council membership turnover can mean a loss of continuity but at the same time fresh members and experiences are needed to ensure an acceptable level of turnover. Succession planning for the Council and attracting and retaining quality staff should be an ongoing process.
- 3.39 Good practice states that the functions of the Council and its Committees should be clearly set out. CIPFA found that the PSI Framework:
- Sets out the membership requirements of the Council;
 - Includes an organogram illustrating the structure of the PSI Council;
 - Outlines (in section 2.4.3) collective and individual responsibilities of the Council Members. The roles of President and Vice President are also specifically set out;
 - Outlines key roles and functions of Advisory Committees, however these are generic and do not include specific roles/functions. These are set out in terms of reference to which the PSI Framework refers and are available on the PSI website;
 - Refers to the Administration, Finance and Governance Committee which has subsequently be changed to the Administration and Finance Committee;
 - Advisory Committee Terms of Reference do not refer to the PSI Framework;
 - Refers to the Code of Conduct for Council and Advisory Committee members;
 - The reference to conduct as per 4.1.1 and 4.1.2 should be cross referenced with the 'Protected Disclosures Guidance' in cases where there may be concerns about the conduct of a Council or Committee member;
 - Has no separate terms of reference for the PSI Council as the governing body (aspects of its work are included in the PSI Framework as are the behavioural aspects as per Code of Conduct). One document combining both would ensure consistency. Council could review and sign to comply with and would enable Council Members to be aware of their role and responsibilities.

CIPFA recommends that PSI considers updating the Framework to take account of the points made above.

- 3.40 It is important that the various roles and relationships between the Council (and its Committees) are clearly set out. Section 3 of the PSI Framework sets out meetings and procedures of the Advisory Committees as does the PSI Council Rules 2008 (as amended). Advisory Committees are all included in the PSI Framework with reference made to the Committee terms of reference.
- 3.41 Terms of reference for each Advisory Committee set out the functions of the Committees, which includes the deliverables, reporting and review requirements. The points are simply listed rather than formatted with sub headings such as role, reporting, etc. Inclusion of such sub headings would help signpost the terms of reference.

- 3.42 Although the terms of reference do not contain specific guidance on the scope of the Committees, authority, membership, meeting arrangements or resources and budget, the PSI Framework does contain information on appointment to Advisory Committees (set out in a separate procedure), key roles, functions and conduct.
- 3.43 CIPFA also reviewed the standing orders for the Council (these are included in Appendix A of the PSI Framework) and the Committees (which are included in Appendix B). We found no fundamental weaknesses and our main observation being the need for the standing orders to reflect the leading role of the President as Chair of the Council. We have made a number of suggestions that refresh the standing orders and recommend these are considered by the Council.
- 3.44 The Council should have diversity, skills and capability to effectively lead PSI. We found the structure of the Council is set out in the PSI Framework – there are 21 members as per set criteria consisting of 11 members who are non-pharmacist and 10 pharmacists. This structure was established by legislation. Section 3 of the PSI Framework sets out that each Committee should develop a competency framework in which the Committee can identify the mix of skills, expertise, knowledge, experience, perspective and qualities etc. that it considers are necessary, relevant or desirable to its business and functions. In addition, the Council has a process for considering membership of Advisory Committees.
- 3.45 Good practice recommends that a balance should be struck between continuity and renewal of Board membership. We found that appointments to the Council are spread over a period from 2017 – 2019 (for each of the categories of appointments). Co-opted members of the PSI Council Advisory Committees also have terms of appointment that are staged over two years.
- 3.46 Public bodies should take professional advice when required, including having a qualified accountant on the corporate management team and appropriately qualified persons to advise the Council on finances and Internal Audit.
- 3.47 We found that PSI takes professional advice when required, as evidenced from expenditure shown in the accounts which includes the Internal and External Audit fee for professional services. The Council is strongly represented by the pharmacy profession and some wider health professions, and also includes legal and governance experts as well as a qualified accountant.
- 3.48 The Administration and Finance Committee is supported by a professionally qualified accountant. PSI does not have an accountant on the senior management team although there are two qualified accountants within the Administration and Finance Unit shown on the PSI organisation chart. Although our preference would be for a professionally qualified accountant to advise the SMT, the Registrar and the executive need to be satisfied that they are receiving independent and professional financial advice.
- 3.49 The Council is proactively seeking to improve governance in the PSI and has sought external professional advice to achieve this, including an evaluation of its own effectiveness, its Committees and the effectiveness of its Members.
- 3.50 Council members undergo planned induction programmes to ensure they understand responsibilities and duties and PSI role and functions. A list of induction material provided to Council members is stated within section 2.5.6 of the PSI Framework.
- 3.51 Good governance dictates that it should be clear what decisions must be taken by the Council and what decisions can be taken by executive staff. We found that section 2.5.7 of the PSI Corporate Governance Code stipulates the relationship between the PSI Council and PSI Employees and Appendix D of the Framework sets out the matters of business that are reserved for the Council. Delegations that have been approved by Council also provide clear delineation of decision making.

3.52 Overall, CIPFA concludes that PSI substantially complies with good practice in this area. There are established terms of reference for the Committees and a similar approach for the Council would provide consistency; roles and responsibilities are clearly set out; there is a diverse set of skills on the Council with sufficient flexibility to augment the Committees as required; there are rolling terms of appointment and evidence of induction and other training for Council members. However, some enhancements could be made to the PSI Framework and to the format of the terms of reference of the Council and its Committees.

Managing risk and performance

3.53 According to the International Framework, managing risk and performance is important because organisations need to be clear about the extent of their risk 'appetite' as well as implement the necessary controls to help achieve its objectives. Having the right internal controls is an integral part of an entity's governance system and risk management arrangements, which is understood, implemented, and actively monitored by the entity's governing body, management, and other personnel.

3.54 We found that PSI has a risk management policy and guidelines and this is consistent with the PSI Framework at para 6.1.3.

3.55 We found a clear link between strategic objectives and risk in the Corporate Strategy (2013-2017) and PSI should reference its risk strategy and approach to risk-taking in the PSI Framework (risk appetite).

3.56 In the PSI Framework there is no explicit designation of a risk officer in PSI who has a direct reporting line to the Council, a requirement in the DPER Draft Code (paragraph 5.2). We understand the Head of Corporate Governance and Public Affairs is the designated risk officer, which should be referenced in the PSI Framework.

3.57 The DPER Draft Code reference to reporting and managing risk in the Annual Report (final point para 5.2) should be included in the PSI Framework.

3.58 The PSI Council has a standing Report from the Administration and Finance Committee on the agenda of meetings, and review of management accounts, with monitoring of PSI financial performance carried out by the Administration and Finance Committee reporting to the Council.

3.59 The PSI has an Internal Audit function (which is outsourced to a private sector provider) and has an established Audit Committee with independent members. We found the audit function is mainly compliant with the DPER Draft Code but needs to include in the PSI Framework:

- Reference to the Internal Audit plan and reports to ensure that it includes VFM auditing (para 5.3 (vii and viii) of the DPER Draft Code). This includes checking expenditure is based on quality assurance provisions of the spending Code and compliance with procurement and disposal procedures;
- The assessment criteria for appointment of the Chair and required content for letters of appointment (paras 5.8 and 5.9 DPER Draft Code);
- Work programme of the Audit Committee to include additional criteria as set out in 5.18 (vi) DPER Draft Code;
- Report from the Audit Committee in the Annual report (para 5.20 DPER Draft Code). We understand that a specific section will be included in the 2016 report;
- Role of the Audit Committee Chair, Appraisal of the Chair of the Audit Committee by the President and document the role of the Secretariat to be included (ref 5.21-5.23 of the DPER Draft Code) and Appendix 10 could also be included.

3.60 The PSI Audit Committee Charter has been updated to reflect the requirements of 5.18(vi) of the DPER Draft Code to consider effectiveness of anti-fraud, corruption and protected disclosure policies, as well as VFM and investment appraisal procedures.

- 3.61 The PSI Internal Audit Charter (a requirement under the DPER Draft Code (para 5.3 (i)) was approved by Council in December 2015.
- 3.62 The PSI Asset register is maintained on an excel spreadsheet and is kept up to date on a monthly basis.
- 3.63 Overall, CIPFA concludes that PSI substantially complies with good practice in this area although the PSI Framework needs to be refreshed with relevant aspects of the DPER Draft Code.

Implementing good practices in reporting

- 3.64 According to the International Framework, an organisation like PSI should have clear public reporting and comply with best practice. We found that PSI publishes an Annual Report in compliance with paragraph 17(1) Schedule 1 of the Act. The latest published report (2014) contains standard reporting information and is largely compliant with the DPER Draft Code, except for:
- A statement of how the Board operates (paragraph 4.3 of the DPER Draft Code);
 - Expenditure on external consultancy (paragraph 4.6 (viii)), is included in professional fees and is broken down for reporting to the Council and Department but is not explicitly shown in the Annual Report.

Although these are new requirements and therefore would not have appeared in the Annual Report 2014, CIPFA recommends the PSI Framework is updated to reflect this.

- 3.65 Although there is reference in the Act (Schedule 1 para 16) and the Council rules (financial and resource management), the PSI Framework does not make explicit reference to business and financial reporting and the principles contained in the DPER Draft Code should be included in the PSI Framework. For example:
- *The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the State Body, including the financial situation, performance and governance of the Body.*
 - *The Board has a duty to ensure that a balanced, true and understandable assessment of the Body's position is made when preparing the annual report and accounts of the Body and when submitting these to the relevant Minister.*

The PSI Framework should be updated to include these principles, or make reference to the relevant parts of the Act and Council rules.

- 3.66 The PSI has taken a number of positive steps to promote its latest Annual Report and to generate positive publicity, through issuing a press release to gain media coverage, publishing it on its website and also including relevant statistics in its Newsletter. Good practice states that the effectiveness and accessibility of public reporting should be reviewed and monitored, which could be included as part of the annual review of Council effectiveness. PSI reports regularly on its performance, including reporting to Council on implementation of the objectives as set out in the Service Plan. The PSI also reports regularly to the Department of Health in relation to its activities.
- 3.67 Good guidance requires key decisions on PSI's services to be transparent and open. We found that decisions and actions taken by PSI are clearly set out in minutes based on information provided. All Council minutes are on the website and meetings are held in public (except for confidential items that are addressed in private session). Agenda items for decisions are helpfully colour coded (red).

- 3.68 CIPFA understands that actions from Council meetings (i.e. matters arising) are followed up/monitored by the executive team and progress is reported back to the Council in the Registrar's report. Whilst this makes good use of Council meeting time by avoiding lengthy 'matters arising' discussions, the Council should ensure that the risk of actions not being followed up by the executive team is minimised.
- 3.69 The provision of assurance through internal and external audit, performed by qualified professionals, is an essential element of a public sector entity's accountability. The PSI Council takes assurances from its internal and external auditors that operate independently and to professional standards.
- 3.70 Overall, CIPFA concludes that PSI substantially complies with good practice in this area with evidence of clear decision-making at Council and subsequent reporting. The annual report is professionally produced and should be enhanced further by additional requirements provided for in the DPER Draft Code. The PSI Framework should be refreshed to take account of the business and financial reporting requirements of the DPER Draft Code.

Overall conclusions

- 3.71 This review seeks to identify gaps after benchmarking PSI against internationally accepted governance principles and national standards as set out in the DPER Draft Code and the International Framework.
- 3.72 Based on the work undertaken as outlined above and the evidence we reviewed, we conclude that:
- PSI is still a young organisation and has well developed governance directives and processes that have been established in a relatively short space of time;
 - PSI seeks to proactively enhance its governance arrangements to ensure they comply with good practice;
 - PSI has an established Framework (2009) which was independently reviewed in 2011 against the DPER Code (2009);
 - There are many areas where PSI complies with good practice, notably in its openness and transparency, governance policies and procedures, leadership capacity and risk management;
 - There are no fundamental weaknesses in terms of the PSI Governance Framework.
- 3.73 However, there are some areas where PSI can introduce governance practice, such as publishing the interests of Council Members (and key staff) and any gifts or hospitality received. In addition, PSI should update/refresh aspects of the existing Framework to ensure consistency with the DPER Draft Code, for example the business and financial reporting principles and practice.

4 Review of the structure of governance

- 4.1 PSI requires an approach that underpins its governance structures to ensure there is a values based approach to governance which supports the PSI Framework, which is substantially compliance based, to ensure there is a focus on collective and individual responsibility, on personal behaviour and standards, and on values in public office. PSI requires the seven principles of public life established by the Committee on Standards in Public Life to be taken into consideration as part of embedding a values based approach to governance in the PSI.

- 4.2 CIPFA reviewed key governance documents such as the Code of Conduct for staff and Council Members and the Conflicts of Interest policy and procedures. We obtained information from Council members and PSI personnel through semi-structured interviews designed to assess the level of understanding of PSI values and to build a picture of the culture of the organisation. Participants in this review are listed in Appendix 1.
- 4.3 As well as the input from meetings, CIPFA also analysed Council member profiles, the self-assessment skills mix completed and observed the Council meeting (public session) on 3 December 2015.
- 4.4 PSI's values are clearly defined in its Corporate Strategy 2013-2017 and CIPFA found a strong commitment to the safety of patients and the public is the highest priority for PSI. We found this to be widely understood by members of the Council and also by staff, which has been a common theme since CIPFA started working with PSI.
- 4.5 Other values promoted by PSI are consistent with generally accepted standards in public life:
- A focus on supporting excellence in pharmacy education and practice;
 - Accountability and responsibility;
 - Independence, integrity and high professional and ethical standards;
 - Openness, accessibility and transparency;
 - Consistency, fairness and equity;
 - Excellence and professionalism;
 - An ethos of continuous learning, including commitment to the development of PSI staff and of Council and Committee members.
- 4.6 We found the PSI culture is characterised by words like: professional; patient safety; integrity; cautious; risk-averse; process; controlling. We found there is a need in PSI to achieve a balanced culture that ensures conformance (i.e. with legislation, policy and procedure) but at the same time enhances performance (reflecting the values above to achieve the desired objectives and outcomes). This is outlined in good practice:

'Effective risk management better enables public sector entities to achieve their objectives, while operating effectively, efficiently, ethically, and legally'.

'The governing body should set the risk management strategy and policies on internal control to achieve an entity's objectives through, among other things, ensuring conformance with applicable laws and regulations, as well as with the entity's own policies, procedures, and guidelines. Controls are a means to an end—the effective management of risks enables an entity to achieve its objectives. They should also consider the need to remain agile, avoid over-control, and not become overly bureaucratic. Internal control should enable, not hinder, the achievement of organisational objectives'.

IFAC/CIPFA International Framework (2014).

- 4.7 In this regard, CIPFA found differing views on achieving this balance in PSI. We believe it would be helpful for the President on behalf of the Council and Registrar to revisit how their joint leadership can help to achieve the right balance between achieving PSI's objectives and at the same time ensure the right degree of control.
- 4.8 When conducting an assessment of a governance structure in a public body such as the PSI Council, some fundamental questions need to be addressed and based on our review we have determined the following conclusions as set out in the table below.

Key question	Answer
Is the Council dysfunctional/broken?	NO, the Council is fully functioning.
Is the effectiveness of the Council sub-optimal?	YES, there are a number of structural, behavioural and operational improvements that could be made.
Realistically, can improvements be implemented?	Definitely YES, although there will be dependencies.
Is the executive team competent to support the Council?	YES definitely, the appointment of a permanent Registrar will be a factor.
Is there potential for the Council to become a high performing Governing Body?	Absolutely YES, this is a high calibre Council.
Is there an opportunity for PSI to become an exemplar in the sector and the wider public services?	Absolutely YES, if some fundamental structural and behavioural issues are addressed that currently impact on the Council's effectiveness.

- 4.9 CIPFA believes that the PSI and its Council has a real opportunity to build on the improvement journey over the last 12 months, to be seen as a model of governance excellence. This will require the motivation and input by all concerned in PSI.
- 4.10 Based on feedback from Council members and guidance (Financial Reporting Council Combined Code 2014), the Council is too big to function at maximum effectiveness. In relation to decision-making, relationship-building, conducting business etc. Without being privy to the rationale and determination of the Council size by the Department of Health/Oireachtas when legislating, our preference would be to have a smaller Council but without diluting or changing the composition of the Council (for example the balance of pharmacists and independents). This should be considered by the Department of Health/Oireachtas.
- 4.11 CIPFA strongly believes that having practising pharmacists on the Council is essential. However the election process that determines pharmacy representatives on the Council leads to inherent risks and weaknesses, for example conflicting interests in the setting of fees, as Council makes a recommendation to the Minister as to whether fees should be changed. In our experience, this is a common risk in representative governing bodies where the interests of those represented may conflict with the best interests of the public body. Therefore, CIPFA recommends to the Department of Health that appointments to the Council should be based upon merit and through the public appointment process using the required essential criteria.
- 4.12 The Council has benefitted from having an experienced and well respected President. However, the annual election of the President and Vice-President (de facto the Chair and Vice-Chair of the Council) from within the Council carries risks that future Presidents may not have the range of skills and experience required to Chair such a public body. CIPFA's preference is for an open competition to recruit a President and Vice-President for a suitable fixed-term (for example four years, renewable, which should be considered by the Department of Health).
- 4.13 The statutory requirement that the President is to be a practising pharmacist carries risks that the broad range of leadership skills needed to Chair a public body such as PSI are overtaken by the priority for professional standing. Feedback received from Council members, indicated that there is no compelling view that a non-pharmacist would be unable to effectively fulfil the role of President. Therefore, CIPFA recommends that the

Department of Health should move to an open competition where specific criteria can be developed that will reflect the broad set of skills needed to lead the Council.

- 4.14 CIPFA recognises that such structural issues are beyond the control of the Council and would require legislative change and would have sectoral-wide implications and will require time to consider further. However, unless addressed, these will impact on the operational effectiveness of the Council.
- 4.15 Overall, it is clear that the Council is committed to public service and patient safety but there are differing views on the application of PSI values. The Council does function as the PSI governing body but improvements could be made that will enhance its effectiveness. This includes some fundamental structural issues that would require legislative change and should be considered by the Department of Health/Oireachtas.

5 Performance of the Council and Committees

- 5.1 As part of this review, the PSI required that an evaluation of the performance of the Council at present be conducted, as well as the development of a process for evaluating the performance of the Council (and its Committees) on an ongoing basis. This is consistent with good practice:

*'The Board should keep under review its own performance and that of its committees and individual directors'. **DPER Draft Code of Practice for the Governance of State Bodies' (2015).***

- 5.2 A background feature to this was an email chain among some Council members, which raised governance and competition law issues. To address this, the Council commissioned an independent review into the circumstance of the email chain which was carried out by Felix McEnroy SC in December 2014. CIPFA found the independent review and the final report into the issue impacted very negatively and damaged the effectiveness of the Council, particularly relationships between some Council members and with some Council members and the executive team.
- 5.3 CIPFA has not analysed the issues which gave rise to the review or how the matter was dealt with, as it was not in the scope of our review. We do not believe there is merit in revisiting this again. However, from feedback received, we conclude there is now a good opportunity for the Council to continue building trust and strengthening relationships and to leave this case in the past.
- 5.4 We considered the evaluation of the Council's performance at three interlinked levels: the individual, the Committee and then collectively at a Council level.

Individual level

- 5.5 For individuals, it is important to understand the type and degree of skills that each member brings to the Council table. We identified this by analysis of each members' profile as well as through a skills and competencies matrix that was completed by members.
- 5.6 As part of a review of performance, it is also important to understand the contribution of each Council member to the work of the Council and how effective this has been, as well as identify development needs of individual members. We found that at present there is no structured way to appraise members in this way. Good practice states that:

*'Individual members of the governing body should be held to account for their contribution through regular performance reviews, which should include an assessment of any training or development needs'. **IFAC/CIPFA International Framework (2014).***

- 5.7 CIPFA therefore recommends that in the current year an appraisal system is designed to provide analysis of individual contributions and to review members' development needs. A template form that indicates what should be covered by the appraisal is shown in Appendix 6.
- 5.8 The PSI Council member appraisal should be designed on the basis of:
- A regular review, for example annually, on a trial basis;
 - Discussing respective expectations as well as development needs;
 - An open and honest dialogue;
 - A self-assessment which is reviewed by the President as Chair of the Council, as part of a one to one conversation.
- 5.9 Common themes, issues and outcomes should be consolidated to identify supporting actions that will enhance the effectiveness of the Council as a whole.
- 5.10 The contribution of Non-Council members of Committees should also be appraised by self-appraisal on an annual basis and reviewed by the Committee Chair.

Council level

- 5.11 Regarding Council Performance, good practice states there should be independent review on a regular basis (DPER Draft Code recommends every 3 years). This is dependent of the governance maturity of a public body and its risk environment, but should be between three years and five years.

*'Performance Review: The Board should keep under review its own performance and that of its committees and individual directors'. **DPER Draft Code of Practice for the Governance of State Bodies' (2015).***

*'It is useful for the governing body to be subject to independent review on a regular basis—such as three-year intervals. It should also implement a self-assessment process to evaluate the effectiveness of the work of individual members under the responsibility and supervision of the governing body's chair'. **IFAC/CIPFA International Framework (2014).***

- 5.12 In addition to facilitating individual member's performance, CIPFA also considered the collective performance of the Council and its Committees to identify where the Council is most effective and least effective at carrying out its role. We shared our findings from interviews and desk research at the Council workshop held in January 2016 and made some suggestions for improvement which were considered by members.
- 5.13 As in all public bodies, there is a need in PSI to achieve a balanced approach to ensure conformance with the relevant laws, policies and procedures and performance in terms of achieving outcomes, as referenced in paragraph 4.6. This balance can be achieved by collective leadership of the Council and effective risk management.
- 5.14 We understand from the recent review by the Institute of Public Administration (IPA) of the review of the effectiveness of the PSI's risk management framework that PSI's risk appetite is defined by what the PSI has stated it is risk averse to, i.e. risks that could negatively affect the health and safety of patients and the public; negatively affect PSI's reputation; lead to breaches of laws and regulations; endanger the future existence of PSI; and negatively affect the health and safety of PSI's employees.
- 5.15 CIPFA believes the Council should consider its risk appetite in light of the recommendations made in the IPA review. It is an area where further work will be necessary and one where the input of the Council and the Committees will be important.

- 5.16 A clear approach to managing risks will help define how the business of the Council and its Committees is conducted. Committees should identify and manage risks to their objectives and planned outcomes. Good practice shows that public bodies should not be so risk averse that opportunities to improve services are lost.
- 5.17 At the Council workshop in January, it was agreed that a balance is required between compliance with applicable laws and regulations and achieving PSI's outcomes at the same time. This should be set at a 'public sector' level. Innovation could come from developmental projects such as the 'Future Pharmacy Project' or the revised pharmacy inspection model etc. Engagement with stakeholders, especially the Department of Health is critical to the success of these projects.
- 5.18 There will be occasions when the Council will want to meet privately without the executive team, for example if discussing its own effectiveness or confidential matters relating to the President or Council members. There will be other occasions when the Council will wish to discuss matters that are reserved business for the Council and therefore the executive will not be present, for example senior staff remuneration or disciplinary matters.
- 5.19 It is standard practice, when required, to plan private sessions at Board meetings with no executive tea present under 'reserved business' on the agenda. However, the current PSI practice of having a closed session at the end of the agenda of each Council meeting seems arbitrary and is not as effective as planning for confidential Council matters and having a closed session as and when that need arises. A list of 'reserved matters' for the Council (with the Registrar in attendance if required) should be included on the Council agenda.
- 5.20 CIPFA found that the requirement for the Council to consider complaints made under Part 6 of the Pharmacy Act 2007 and inquiries is hugely time consuming for Council members in terms of preparing for, and consideration of, cases at the private session of Council meetings. The legislation, disciplinary structure, and associated processes contribute to this.
- 5.21 Whilst there should be an opportunity to review the legislation and associated disciplinary structure in the medium to longer-term (for example, to reduce the present four stage structure, including the option for mediation), CIPFA presented some options at the workshop for the Council to consider ways of conducting its business more efficiently. This is summarised on the following table.

Approach	Efficiency consideration
One-day public and private meeting	It is a long day – typically from 8.30am to 6.00pm in the evening. Concentration levels reduce. Members sometimes have competing priorities and are unable to stay for the full duration. Could the business be split into 'sessions' with more meaningful breaks between sessions?
Hold public and private meetings on separate days as half day meetings	Would get over the above constraints, but could lead to filling out the time and become two full days. Half day meetings can result in a loss of productivity for the remainder of the day anyway. The logistics of splitting the meetings means a loss of economies by running both on the same day.
Hold additional Council meetings with a shorter duration	Would address some of the weaknesses, but risk is duration increases to a day anyway. Shorter meetings still result in a loss of productivity for the day.

Availability of Council papers	These could be made available when ready rather than make all papers available at the same time i.e. a week before meetings? Executive summaries fronting Committee/Council papers would be helpful.
Speed reading techniques	Training in this area might help Members.
Managing Fitness to Practise (FTP) case material	Better navigation through papers would help efficiency. Training could be provided on techniques for considering FTP case materials.
Council Committees	Could more Council work be delegated to committees? Is work of Committee being duplicated at Council? (We found some evidence of this).
Chairpersons Committee	This Committee could have a greater role in recommending improvement to cover Council business in a more efficient way. Its terms of Reference should be re-visited.

- 5.22 CIPFA found a variety of views on the benefits and pitfalls of splitting the Council's public and private meetings into two separate days. Overall, CIPFA recommends that Council's business should be conducted on the same day, albeit adopting more efficient ways, as outlined above.
- 5.23 There are presently six Council meetings and two days for Council training. As the format of the short workshop (two hours) prior to the Council worked well in January, we recommend this format is integrated for future meetings, where it is practicable and dependent upon workloads, as set out in section 7 and seen in Appendix 3.
- 5.24 In addition, it was agreed at the Council workshop in January that the annual 'strategy day' is helpful and should continue. It was recommended this should be externally facilitated and would focus on strategy setting, service plan development and implementation, discuss collective performance of the Council and implementation of outcomes.
- 5.25 Regarding the efficiency of Council business, CIPFA found there is too much information for Council members to absorb. Members also have a need to be able to focus on the most relevant information. We found there is not much room for further delegation of Council business to Committees.
- 5.26 To enable Council business to be conducted more efficiently, CIPFA recommends that the Council takes a number of steps:
- Consistently provide cover notes for Council reports;
 - Identification of priority documents e.g. by colour coding (to correspond with the agenda);
 - Making papers more accessible i.e. when available rather than seven days prior to meetings (this may mean revisiting the timing of Committee meetings);
 - Development of Council members' speed reading techniques.

Committee level

- 5.27 Overall, CIPFA found that the structure of the Council's Committees worked well in practice.
- 5.28 However, CIPFA found that some members are unclear as to the rationale behind appointments to the Council's Committees. PSI has an appointment procedure and the competency frameworks for Committees. We understand that Committee members are

matched to particular Committees based on their particular strengths and competency deficits that may exist on a Committee. Increased awareness of individual member strengths and skills of members should be highlighted across the Council which could help understand committee composition.

- 5.29 The work of the Audit Committee is not widely understood by all Council members and does not provide assurances to all, therefore it could be more exposed to the Council. Good practice states that:

'The Audit Committee provides another source of assurance on an entity's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance'. IFAC/CIPFA International Framework (2014).

- 5.30 However, CIPFA found that having a Council member as Chair of the Audit Committee is a big improvement and should help achieve this. The Council agrees that its work should be aligned to PSI risks, and feedback received from the workshop, held for Council indicated that there is no real appetite to call it Audit & Risk Committee which could be perceived as diminishing the risk function from other Committees.
- 5.31 CIPFA found there is a degree of uncertainty about the role of the Chairpersons' Committee, which is a group of Committee Chairs led by the President. This could be a useful Committee and could make a greater contribution to the effectiveness of the Council by re-visiting its purpose, role and refreshing its terms of reference.
- 5.32 It was agreed at the January workshop that Committee performance should be reviewed annually at one of the meetings and that this could be overseen by the Chairpersons Committee. The suggestion that Committee papers could be made available on all Council members' I-Pads to gain a better understanding of Committee work should be considered further.
- 5.33 Overall, we conclude that there is currently an opportunity for PSI to build on the governance improvements made over the last year. In particular, harnessing the strengths of individual Council members to maximise their contribution through regular review; addressing some of the structural issues that impact on the work of the Council and making the Council's business more efficient.
- 5.34 To achieve its full potential, members of the Council, supported by the executive team will require to work together to implement changes and improvements in these areas over the next two years and then maintain these in the medium to longer-term.

6 Council member development

- 6.1 PSI recognises that good governance should apply across the organisation and should be integral to its culture and strategic and operational policies and practices. This means the Council is required to take a lead on ensuring good governance of PSI. This approach requires Council members need to understand their governance role and be equipped with the right skills to fulfil this.
- 6.2 Regarding training and development, good practice states that:

'All members of the governing body should receive appropriate introductory training tailored to their role. They also need opportunities to develop their skills further, such as improving their ability to challenge and scrutinize the entity's plans and actions and update their knowledge on a continuing basis. Their competency and attendance record are critical success factors for the effective functioning of the entities that depend on them'. IFAC/CIPFA International Framework (2014).

'The chairman should ensure that the directors continually update their skills and the knowledge and familiarity with the company required to fulfil their role both on the board and on board committees. The company should provide the necessary resources for developing and updating its directors' knowledge and capabilities'.

'The chairman should regularly review and agree with each director their training and development needs'.

FRC 'The UK Corporate Governance Code' (2014) and referenced by the DPER draft code.

- 6.3 From our analysis of Council member profiles and from our interviews, CIPFA found this is a high-calibre governing body with well qualified, experienced and people who care passionately about PSI. Council members have a good range of backgrounds and skills and most have direct experience of the pharmacy / health sector. The challenge for PSI is to harness this experience to develop a high-performing collegiate Council.
- 6.4 CIPFA found that Council members did not really know each other very well in terms of professional background, interests, strengths etc. An up to date profile of members and their activities would be helpful as well as greater understanding of each member and their role regarding Committees.
- 6.5 CIPFA developed a skills matrix which was completed by a majority of Council members. The self-assessment results generally show a strong set of skills on the Council. Overall, a score of 115 responses out of max 150 are assessed to be competent/proficient in all areas (76%). A summary of the responses is in Appendix 2.
- 6.6 Everyone is deemed competent/proficient in the knowledge/understanding of values and behaviours expected of a public office holder appointed by the Minister. A relatively small number of Council members (up to four) believe their skills are less than competent in some categories (finance being the main one). These tend to be newer members of the Council. We recommend these skill gaps are addressed through individual Council member development and progressed through a system of annual appraisal.
- 6.7 CIPFA found that induction training for Council members (June 2015) was well structured and developed and was well received. This provides a platform on which to build a structured and longer-term development programme. Training provided to Council members to date has been generally well received and useful.
- 6.8 From our evidence collected, including meetings with Council members, the immediate need for development of the Council was less about training on the principles and practice of good governance. The need was more about the Council functioning collectively and coming together to address some of the Council effectiveness issues that were emerging from the CIPFA review. With this objective in mind, a two-hour workshop was developed and facilitated by CIPFA in January 2016.
- 6.9 By working in groups initially and followed by a plenary session, PSI Council members and executive team discussed CIPFA's suggestions on the following issues:
- Appraisals of Council and Committee members;
 - Methods to address longer-term development needs of the Council;
 - Ways of reviewing Council and Committee effectiveness and the way business is conducted.
- 6.10 As well as having an opportunity to work together, Council members helped to shape some of the recommendations made in our report. CIPFA found that overall, the Council was interested in the content and was engaged in the workshop. Although no formal evaluation of the session was carried out by CIPFA, anecdotal feedback on the

process and outcome of the workshop was very positive and can be used as a basis for developing the Council going forward.

7 Development plan

- 7.1 PSI requires the development of a two year training and development plan in collaboration with the Council and the executive of the PSI.
- 7.2 CIPFA has developed a training plan based on our training needs analysis. Rather than providing generic governance principles and practice training for the Council, there is need for more specific development such as:
- Individual and collective leadership skills;
 - Understanding knowledge of individual Council members and their strengths/background;
 - Developing the Council to bond as a team;
 - Understanding roles and responsibilities; and
 - 'On the job' support to help fulfil the role. For example, aspects of the Council's Code of Conduct and Fitness to Practise case techniques, especially for newer members.
- 7.3 CIPFA considered a variety of options that can help to meet these development needs, as set out below. These were discussed with Council members at the January 2016 workshop:

Type of support	Considerations	Anticipated impact and outcome
Annual strategy/policy 'away day' to include effectiveness review.	Logistical and cost implications. Availability of all personnel (Council members and senior executive team). Time commitment.	Greater team building and understanding e.g. of roles and responsibilities. Agree future direction for PSI on policy matters. Reflection on Council effectiveness and identification of enhancement.
Facilitated short, snappy workshops on policy and practical developments in the sector – could be webinar format.	Agenda and relevance of topics. Time commitment and likely attendance.	Greater awareness and understanding of specific issues by Council members. Enable greater use of time at Council meetings.
Conferences/events, to provide an opportunity to network, build relationships and learn.	Attendance criteria and cost. Availability and time commitment.	New ideas and ways of working. Greater teambuilding. Increased knowledge of issues impacting on PSI.
Training, on emerging relevant topics/issues.	Style and content of training – needs to be practical, interactive, and relevant. Topics to cover. Time commitment.	Increased skills, knowledge and understanding as well as practical improvements that could be made.
Networking Forums, such as the Ernst and Young Non-Executive Directors Forum or IPA Governance Forum.	Relevance of topics. Availability and time commitment. Confidentiality.	Building personal contacts, sharing ideas and issues in a safe environment.
Mentoring	Availability of suitable mentors. Confidentiality.	Raised assurances and confidence of Council members.

- 7.4 After considering these options, CIPFA has developed a two-year training and development plan for consideration by the Council. The plan is included in Appendix 3 and is structured on the following:
- A periodic 'away day' (e.g. every 12-18 months) should be held that is preceded by a less formal dinner.
 - A series of eight practical and interactive workshops preceding Council meetings on specific topics that would equate to two days' development that is currently planned. Topics to be developed fall into either policy, governance or professional development areas. This includes:
 - Roles and responsibilities in action;
 - 'Future Pharmacy' project;
 - Good practice decision-making;
 - Effective inspections;
 - Speed reading techniques;
 - FTP techniques;
 - Pharmacy policy developments;
 - Gaining assurances from the Audit Committee.
 - A short (half-day) training course in Finance (which is specific to PSI finances) designed for the needs of those who identified it as a development area when completing the skills matrix as well as an optional re-fresher for others.
 - Regarding Committee needs, it was suggested by members that on-site visits to pharmacies might be helpful to gain practical insights into e.g. how inspections work.
 - Briefings around the work of Committees, specifically policy developments and projects.
- 7.5 This does not preclude Council members from attending CPD-type events such as seminars, conferences and external training courses that are in line with individual development needs.
- 7.6 In summary, PSI has an established induction programme for Council members and has recently invested in governance training generally and specifically (e.g. in managing risks). This is a strong platform on which to build. We recommend the Council embarks on the structured development programme as set out in Appendix 3 and evaluates progress of its implementation.

8 Staff training

- 8.1 PSI recognises that the principles of good governance should apply across the organisation and should be integral to its culture and strategic and operational policies and practices. This project therefore required training to be provided to PSI staff, Council and Committees on good governance principles.
- 8.2 In December 2015, CIPFA developed and ran a half-day introductory course with the overarching aim for staff in PSI to understand the key governance principles and be able to relate these to good practice, to the organisation and to their role. The course was run twice on the same day and was attended by 41 PSI staff. A list of attendees is available as required. The objectives of the training were agreed in advance so that by the end of the course, staff in PSI would have an understanding of:

- What is meant by good governance in its broadest sense as well as the key principles and characteristics of good governance in public bodies;
- The values, conduct and ethical standards required and how these translate into good practice;
- The main governance policies and procedures including gifts and hospitality, whistleblowing, fraud and conflicts of interest and how these work in practice;
- Their contribution to the main assurances sought by those charged with managing risks and embedding good governance in PSI.

8.3 The training covered the following:

Understanding corporate governance

- Characteristics and principles of governance
- PSI governance model and framework
- Roles, responsibilities and relationships
- Accountabilities

Ethical standards, conduct and behaviour

- Values and basic principles
- Personal integrity and why things can go wrong
- Governance directives:
 - Gifts and hospitality
 - Conflicts of interest
 - Whistleblowing
 - Fraud
- Some ethical dilemmas – ‘between a rock and a hard place’
- Culture and behaviours

The role of ‘assurance’ and accountability

- The assurance framework and tools
- Internal audit and the role of the audit committee

8.4 Overall, the outcome of the training was very positive. From the trainer’s perspective, the vast majority of PSI staff appeared keen to learn, were engaging and seemed to find it useful.

8.5 Staff who participated in the training had the opportunity at the end to reflect on the provision and completed evaluation forms. Overall, feedback from PSI staff showed they benefitted from this introductory training from the point of learning as well as putting the learning into practice.

8.6 CIPFA recommends that induction training for new PSI staff is strengthened by including basic governance principles such as values and behaviour. These could also be integrated into relevant HR processes.

9 Overall conclusions

9.1 In our review we have addressed a number of strands designed to improve governance in PSI – benchmarking the framework, reviewing the structure and effectiveness of the Council and Committees and development of staff and Council members. In carrying out our work, we have tried to integrate these into a forward plan for PSI that provides a cohesive roadmap for PSI to follow. Implementation of this is now the priority, which will require focussed and committed leadership by the President, Council and executive team.

9.2 This CIPFA roadmap, if implemented, would help position PSI well to be awarded formal recognition of governance excellence by CIPFA. The CIPFA Governance Mark of

Excellence is awarded to those entities that can demonstrate strong leadership, backed up by effective policies and procedures. Both are needed to foster a culture of good governance and to strongly position a public entity to achieve its intended outcomes for stakeholders.

- 9.3 The IFAC/CIPFA International Framework – Good Governance in the Public Sector provides the framework and the governance principles and forms the basis of CIPFA’s accreditation scheme. We have referenced the International Framework in our benchmarking exercise against the PSI Governance Framework in this review.
- 9.4 Using our knowledge of PSI to date and our experience of conducting this review indicates that there will be aspects of the accreditation assessment that PSI would fare well, for example openness and transparency. However, there are other aspects of the assessment that would require a planned programme of change in order to meet the requirements, for example in the areas of values, culture and behaviour; leadership capacity; and performance and risk management. This review has helped to define improvements in these areas.
- 9.5 This is not untypical for an organisation such as PSI that is experiencing a period of change. In CIPFA’s experience, we estimate that it will take PSI 18-24 months of planned and focussed effort by a strong leadership team to be in a position to undertake such accreditation, but it could provide a focus to work towards.
- 9.6 Throughout our report we have made recommendations based on our findings and conclusions. We have summarised these in Appendix 4. Our recommendations vary from high level strategic change, such as the structure and characteristics of the Council to minor operational changes, for example to bring consistency to the Governance Framework.
- 9.7 The priority for PSI at the moment is to convert the recommendations made from our review into an action plan for change designed to improve governance of PSI and ultimately improve the important public service PSI provides.

Appendix 1

Pharmaceutical Society of Ireland

Council effectiveness review - Participants in the review

Name	Position
<i>Council members</i>	
Hugo Bonar	HPRA nominee
Nicola Cantwell	Pharmacist appointee
Richard Collis	Pharmacist appointee
John David Corr (former Council member)	Pharmacist appointee
Fintan Foy	Providers of CPD in pharmacy rep
Dr. Ann Frankish (President)	Pharmacist appointee
Dr. Paul K. Gorecki	Public interest nominee
Joanne Kissane	Pharmacist appointee
Graham Knowles	Public interest nominee
Deirdre Larkin	Public interest nominee
Edward MacManus	Pharmacist appointee
Dr. Chantelle Macnamara	Public interest nominee
Shane McCarthy	Public interest nominee
Caroline McGrath (Vice-President)	Pharmacist appointee
Kieran Murphy	Public interest nominee
Muireann Ní Shuilleabháin	Pharmacist appointee
Rory O'Donnell	Pharmacist appointee
Pat O'Dowd	HSE nominee
Sheila Ryder	Academic institution provider rep
Ann Sheehan	Public interest nominee
Paul Turpin	Public interest nominee
<i>Management Team and Internal Auditors</i>	
Marita Kinsella (former staff member)	
Dr Cheryl Stokes	
John Bryan	
Dr Cora Nestor	
Damhnait Gaughan	
Zoe Richardson	
Dr Lorraine Horgan	
Crowleys DFK	
<i>The CIPFA Team</i>	
Steve Mungavin	
Colin Langford	
Fiona McCloskey	
Alistair Steenson	
Brian Rowntree	

Appendix 2

PSI staff training – summary evaluation scores

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Relevance of the course Content	15	23	3	0	0
Quality of power-point presentation and materials	12	23	6	0	0
Quality of the Trainer's delivery/presentation	13	20	6	1	1
Subject knowledge of the trainer	22	16	3	0	0
Duration of the course and timings	3	22	11	4	1
Quality of the venue/administration	21	18	2	0	0
Overall satisfaction with the course	9	26	6	0	0

PSI Staff governance training – examples of learning	
Sample learning points	Examples of what will be done differently in practice
Understanding what "good" governance" actually is	Revisit PSI Corporate Governance Framework
Highlighted how actions will be perceived externally – you may not think you are doing anything wrong but it could be perceived to be bad	Have a clearer idea with who to approach with concerns
How assessing behaviour and conduct affects that persons decision making - important to remember that	Draw gifts received to managers attention and declare them
Importance of maintaining, accountabilities whilst also striving for good performance	Ensure governance is more structured into induction training for all staff
Avoiding conflicts caused by insider knowledge	Make sure that individuals cover ethical principles and behaviour
Need to make sure what is articulated in policy is entwined in organisation and is not just lip service applied to corporate governance.	Review our departments processes and procedures
Each staff member taking responsibility for one's position and role should ensure good governance	Review agreement with suppliers
The provision of assurances and controls in place – not just from top down also from bottom up	Make sure that individuals cover ethical principles and behaviour
Ethical scenarios were useful and interesting	Be accountable and get job done at the same time

PSI Council Members – SKILLS AND COMPETENCIES MATRIX (15 out of 21 responses)

Appendix 3

Area	Descriptor	Skill Indicator						
		N	N/	B	B/	C	C/	P
PSI	Your knowledge and practice of the PSI, its purpose, role, strategy, objectives and key stakeholders.	0	0	2	0	4	1	8
Acting at all times in the public interest.	Your knowledge of the values and behaviours expected of a public office holder, appointed by the Minister.	0	0	0	1	4	0	10
Department Relationship and Environment	Your knowledge and practice of the environment in which PSI operates and the wider accountability framework of the public sector.	0	0	4	0	7	0	4
Legislation and other rules	Your knowledge of the legal obligations of PSI and how these work in practice. This includes PSI's founding legislation as well as Data Protection, Freedom of Information, Health and Safety, Fraud etc.	0	0	2	1	7	2	3
Policy Formulation	Knowledge of the process by which governments translate their political vision into programmes and ability to influence action to deliver/implement policy.	1	0	3	0	7	0	3
Strategic Management	Knowledge of the PSI environment and its impact on strategic planning, monitoring and reporting. Ability to take a broad overview.	0	0	4	0	7	0	4
Financial Management	Your knowledge of key financial and accounting guidance and conventions and how these work in practice including analysing financial reports, monitoring management accounts etc.	2	0	3	1	4	0	4
Governance and Accountability	Your knowledge of the PSI governance framework and how this works in practice including risk management and internal control.	0	1	0	1	8	0	5
Audit	Your knowledge of the role of the assurance framework including internal/external audit, auditing standards, audit processes and how these work in practice.	0	0	3	2	6	0	4
Public Relations and Communications	Your knowledge and experience of dealing with PR and communications, with stakeholders at many levels both internally and externally to PSI.	0	0	3	1	7	0	3

Pharmaceutical Society of Ireland - Indicative development plan

Appendix 4

Dates 2016	Planned outcome 2016	Dates 2017	Planned outcome 2017
28 January	Council meeting: Workshop (8.30-10.30) to discuss CIPFA's emerging findings Public/Private meeting	26 January	Council meeting: Public/Private meeting
24 March	Council meeting: To consider CIPFA recommendations including the training plan	23 March	Council meeting: Workshop (8.30-10.30) Public/Private meeting
14 April	Council strategy day: to consider external environment; service plan; implementation of governance recommendations; and team working	20 April	Council meeting: Workshop (8.30-10.30) Public/Private meeting
19 May	Council meeting: Public/Private meeting	18 May	Council meeting: Public/Private meeting
7 July	Council meeting: Workshop (8.30-10.30) Public/Private meeting	6 July	Council meeting: (8.30-10.30) Public/Private meeting
15 September	Council meeting: Workshop (8.30-10.30) Public/Private meeting	14 September	Council meeting: Workshop (8.30-10.30) Public/Private meeting
26 October	Additional Council meeting: Public/Private meeting	27 October	Council meeting: Workshop (8.30-10.30) Public/Private meeting
8 December	Council meeting: Workshop (8.30-10.30) Public/Private meeting	7 December	Council meeting: Public/Private meeting
TBC (as required)	Site visit: Practical regulation in a pharmacy: what happens on the ground	TBC (as required)	Council strategy day: to consider external environment; service plan; implementation of governance recommendations; and team working

Summary of recommendations

Appendix 5

No.	Para. Ref.	Governance Benchmark - Recommendations	Priority
1	3.7	The Framework should include directions for Council members to pass signed copies of the Code of Conduct and should include details of how this will be monitored.	Low
2	3.8	The Framework could be strengthened to include an investigation process and sanctions when cases are reported to the Registrar and the role of the President in any sanctions should also be made clear in the Framework. This should be discussed further with the Department of Health.	Medium
3	3.9	The PSI ICT policy which references the excessive use of personal use of social networking sites should be cross referenced with the staff handbook and Framework.	Low
4	3.12	The PSI Framework should cross reference its guidance on protected disclosures.	Medium
5	3.13	The declaration of interests register should be widely available internally and externally as should the register of receipt of any Gifts or Hospitality, unless there are confidential reasons not to.	Medium
6	3.14	The Framework should stipulate how often the Declarations of Interest must be completed, e.g. annually, to account for changes in positions held by members and members' families.	Medium
7	3.15	The conflicts of interest guidance for staff should be explicitly included in the staff Code of Conduct cross referenced to section 7.1 of the PSI Framework.	Medium
8	3.16	Whilst it is for the Council to decide on what information should be presented to meetings, it would be useful for PSI to review the information needed, especially to avoid any unnecessarily excessive detailed information.	High

No.	Para. Ref.	Governance Benchmark - Recommendations	Priority
9	3.5	Some of PSI's values are general and should be developed further e.g. 'Accountability and Responsibility'.	Medium
10	3.5	PSI would benefit from regular consideration of the way the statement of values applies in practice. This should be reviewed by the Council as part of the 'strategic day'.	Medium
11	3.29	PSI should consider more focussed objective setting to identify the main priorities as a high number of objectives can run the risk of losing focus on priorities and could reduce the significance of each objective.	Medium
12	3.33	The Draft Code recommends a five year rolling financial plan (paragraph 1.15) for public bodies. This should be reflected in the PSI Framework and put into practice.	Medium
13	3.35	As achieving VFM is a core principle in the DPER Draft code (page 44), it should be explicitly referenced in the PSI Framework.	Medium
14	3.39	CIPFA recommends that PSI considers updating the Framework to take account of the various bullet points made in paragraph 3.39.	Medium
15	3.43	CIPFA has made a number of suggestions that refresh the standing orders and we recommend these are considered by the Council.	Medium
16	3.55	The PSI Head of Corporate Governance is now the designated officer which should be referenced in the PSI Framework.	Medium
17	3.56	The DPER Draft Code reference to reporting and managing risk in the annual report (final point para 5.2) should be included in the PSI Framework.	Medium

No.	Para. Ref.	Governance Benchmark - Recommendations	Priority
18	3.58	<p>Various points regarding the audit function need to be included in the Framework:</p> <ul style="list-style-type: none"> • Reference to the Internal Audit plan and report to see that it includes VFM audits (para 5.3 (vii and viii) of the DPER Draft Code). • The assessment criteria for appointment of chair and letter of appointment (paras 5.8 and 5.9 of the DPER Draft Code). • Work programme of the Audit Committee to include 5.18 (vi) of the DPER Draft Code. • Annual report (para 5.20). We understand that a specific section will be included in the 2016 report. • Audit Committee Chair, Appraisal and Secretariat to be included (ref 5.21-5.23 of the DPER Draft Code) and Appendix 10 could also be included. 	Medium
19	3.63	<p>The latest published report (2014) contains standard reporting information and is largely compliant with the DPER Code, except for:</p> <ul style="list-style-type: none"> • A statement of how the Board operates (paragraph 4.3 of the DPER Draft Code). • Expenditure on external consultancy (paragraph 4.6 (viii)), is included in professional fees and is broken down for reporting to the Council and Department but is not explicitly shown in the annual report. <p>CIPFA recommends the Framework is updated to reflect this.</p>	Medium
20	3.64	<p>The PSI Framework does not make reference to business and financial reporting and the principles contained in the draft Code should be included in the PSI Framework.</p>	Medium
21	3.65	<p>The effectiveness and accessibility of PSI's public reporting should be reviewed and monitored by PSI.</p>	Medium
22	3.67	<p>The Council should satisfy itself that the risk of actions agreed at Council meetings not being followed up by the executive team is minimised.</p>	Medium

No.	Para. Ref.	Structure of Governance - Recommendations	Priority
23	4.7	President on behalf of the Council and Registrar to revisit how their joint leadership can help to achieve the right balance between achieving objectives and controls.	High
24	4.10	CIPFA's preference would be for PSI to have a smaller Council but without diluting or changing the composition of the Council i.e. the balance of pharmacists and independents. This should be considered by the Department of Health.	Medium
25	4.11	CIPFA recommends to the Department of Health that appointments to the Council should be based upon merit and through the public appointment process using the required essential criteria.	Medium
26	4.12	CIPFA's preference is for an open competition to recruit a President and Vice-President for a suitable fixed-term, for example four years, renewable, which should be considered by the Department of Health.	Medium
27	4.13	CIPFA recommends that the Department of Health should move to an open competition where specific criteria can be developed that will reflect the broad set of skills needed to lead the Council.	Medium
		Performance of Councils and Committees – Recommendations	
28	5.6 & 5.7	CIPFA recommends that in the current year an appraisal system is designed to provide analysis of individual contributions and to review members' development needs.	Medium
29	5.9	Common themes, issues and outcomes identified from member appraisals should be consolidated with a view to identifying supporting actions that will enhance the effectiveness of the Council as a whole.	Medium
30	5.10	The contribution of Non-Council members of Committees should also be appraised by self-appraisal and reviewed by the Committee Chair.	Medium

No.	Para. Ref.	Performance of Councils and Committees – Recommendations	Priority
31	5.17	An appropriate balance is required between compliance with applicable laws and regulations and achieving PSI's outcomes. This should be set at a 'public sector' level, innovation could come from 'Future of Pharmacy' project with a need to engage with stakeholders especially the Department of Health.	High
32	5.19	CIPFA recommends that a list of 'reserved matters' for the Council (with the Registrar in attendance if required) should be included on the Council agenda.	High
33	5.21	The legislation, disciplinary structure, and associated processes to consider FTP cases should be reviewed (for example, to reduce the present four stage structure, including the option for mediation).	High
34	5.22	CIPFA recommends that Council's business should be conducted on the same day, albeit adopting more efficient ways, as outlined.	High
35	5.23	As the format of the short workshop (two hours) prior to the Council worked well in January, we recommend this format is integrated for future meetings, as set out in section 7 and seen in Appendix 3.	High
36	5.24	The periodic 'strategy day' should continue. It was recommended at the workshop this should be externally facilitated and would focus on service plan, discuss collective performance and implementation of outcomes.	High
37	5.26	To enable Council business to be conducted more efficiently, CIPFA recommends that the Council takes a number of steps: <ul style="list-style-type: none"> • Provision of a summary of committee reports considering how information is presented; • Identification of priority documents e.g. by colour coding (to correspond with the agenda); • Making papers more accessible i.e. when available rather than seven days prior to meetings; • Development of members' speed reading techniques. 	High
38	5.28	Increased awareness of individual member strengths and skills of members should be highlighted across the Council which could help understand Committee composition.	High

No.	Para. Ref.	Performance of Councils and Committees – Recommendations	Priority
39	5.31	The Chairpersons Committee could be more useful and could make a greater contribution to the effectiveness of the Council by re-visiting its purpose, role and refreshing its terms of reference.	High
40	5.32	It was agreed at the January workshop that Committee performance should be reviewed annually at one of the Council meetings and that this could be overseen by the Chairpersons Committee. The suggestion that Committee I papers could be made available on all Council members' I-Pads to gain a better understanding of Committee work should be considered further.	Medium
		Other Recommendations	
41	6.6	We recommend these skill gaps are addressed through individual Council member development and progressed through a system of annual appraisal.	Medium
42	7.6	We recommend the Council embarks on the structured development programme as set out in Appendix 3 and evaluates progress of its implementation.	High
43	8.6	We recommend that induction training for new PSI staff is strengthened by including basic governance principles such as values and behaviour and that these are integrated into relevant HR processes.	Medium

High priority for the purpose of this priority means that urgent action is needed and ideally started in the next 6 months.

Medium priority - these recommendations ideally they should be developed and introduced as soon as possible and ideally within the next 12 months.

Low priority - this can be addressed after the high and medium priorities have been developed - as soon as possible after 12 months.



COUNCIL APPRAISAL

To ensure that the Council operates as effectively as possible, we will carry out a regular review of our effectiveness at an individual, Committee and Council level. The objectives of our appraisal at an individual Council member level are to:

- review the contribution of individual members;
- review the effectiveness of relationships and the Council as a team;
- monitor changes within the Council and how it is responding to external influences;
- assess the effectiveness of Council processes;
- contribute to training and development plans;
- ensure a balance of skills, experience and disciplines is maintained.

Individual appraisal is important to collectively maximise the Council's contribution, share ideas, improve governance and develop the organisation. The Council will undertake individual appraisals every year. This process will be led by the President and supported by the Registrar, with some involvement from the Vice-President as required. Appraisal meetings concentrate on strengths, any areas for development and how the Council member is performing in fulfilling the role. The appraisal process will be designed to improve self-awareness, encourage self-analysis, allow contribution to be reviewed, identify competencies and objectives, address any personal issues and identify any training and development needs.

The Council will undertake an annual skills audit which will involve individual members completing a register of skills and experience. This process will enable any learning and development needs to be identified, and an assessment of skills, experience and disciplines to be carried out that will help inform the Council's longer-term development plan for members. The skills matrix used in 2015/16 for the CIPFA review is seen in Appendix 2 of the report. A draft self-appraisal form that is the basis of the appraisal is on the following page.

INDIVIDUAL SELF- APPRAISAL

Council member:

Date:

Part one - a personal review of your contribution to the Council

<u>Contribution / Competency</u>		Comments on your strengths and weaknesses. Please provide any relevant examples and identify any particular gaps.
A	Applying specialist and sectoral knowledge e.g. professional standing, functional experience and knowledge of the sector.	
B	Self management , e.g. preparation for meetings, attendance, governs (but does not manage), seeks clarification prior to meetings, enthusiasm and commitment to the Council.	
C	Personal development , e.g. open to learning, demonstrates learning, keeps in touch, undertakes training, and good understanding of the sector.	

<u>Contribution / Competency</u>		Comments on your strengths and weaknesses. Please provide any relevant examples and identify any particular gaps.
D	Leading and motivating , e.g. commitment to the health sector and PSI's purpose, maintains values and conduct, maintains relationships with fellow members, the executive team and stakeholders.	
E	Directing strategy , e.g. see long term implications, offers creative ideas, contributes to setting objectives, willingness to take calculated risks, recommends direction and provides vision.	
F	Representing , e.g. attends events, makes contact with people and organisations on PSI's behalf, demonstrates loyalty, and maintains a good image of PSI.	
G	Critical information , e.g. analyses data, examines problems in the round, takes an original perspective, keeps to appropriate detail, considers risks as well as outcomes, and suggests solutions.	

<u>Contribution / Competency</u>		Comments on your strengths and weaknesses. Please provide any relevant examples and identify any particular gaps.
H	Team working , e.g. supports the Council's aims and goals, respects the role of others, respects the feelings of others, willingness to compromise, sticks to decisions, remains objective, good relationship the executive team.	
I	Group decisions , e.g. influences through persuasion, doesn't dominate, listens to others, provides reasoned thought through argument, reaches rational conclusions, allows others to contribute, contributes at the right time and in the right way and is open and transparent.	

Part two - personal qualities and looking to the future

1. One personal contribution I make which adds to the Council's effectiveness is:

.....
.....

2. An area in which I could develop/change/improve my contribution is:

.....
.....

3. Over the next two years, I see myself:

(a) adding the following to my contribution:

.....
.....

(b) undertaking training and development in the following areas:

.....
.....

Part three - discussion with President following return of the self-assessment form.

Please note any other points that you would like to discuss at the appraisal:

Signed :.....

Date :