

Register number: 30263 R

RULES OF
EAST LANCASHIRE MEDICAL
SERVICES LIMITED

BASED ON MODEL RULES
FOR A
COMMUNITY MUTUAL PROVIDER OF OUT OF HOURS SERVICES
JOINTLY SPONSORED BY

Mutuo

77 Weston Street
London
SE21 3SD
www.mutuo.co.uk

National Association of GP

Co-operatives

Regency House
90 – 92 Otley Road
Leeds
LS6 4BA
www.nagpc.org.uk

Registered under the Industrial and Provident Societies Act 1965

August 2004

Cobbetts
Ship Canal House
King Street
Manchester
M2 4WB

cliff.mills@cobbetts.com

All enquiries in relation to these rules should be referred to Cobbetts on behalf of the Sponsoring Bodies referred to above.

RULES

1. Name

- 1.1. The name of the Society is East Lancashire Medical Services Limited and it is called “the Society” in the rest of these rules.

2. Purpose

- 2.1. The purpose of the Society is to provide health and social care for the benefit of the community and not for the profit of its members.

3. Functions

- 3.1. The function of the Society is to provide goods and services, including education and training, research, accommodation and other facilities, for purposes related to the provision of health and social care.
- 3.2. The Society may also carry on other functions in order to make additional income for the Society’s purpose.

4. Powers

- 4.1. The Society may do anything which appears to it to be necessary or desirable for the purposes of or in connection with its functions.
- 4.2. In particular it may:
 - 4.2.1. acquire and dispose of property,
 - 4.2.2. enter into contracts,
 - 4.2.3. accept gifts of property (including property to be held on trust for the purposes of the Society or for any purposes relating to the health service),
 - 4.2.4. employ staff.
- 4.3. Any power of the Society to pay remuneration and allowances to any person includes the power to make arrangements for providing, or securing the provision of pensions or gratuities (including those payable by way of compensation for loss of employment or loss or reduction of pay).
- 4.4. Subject to the approval of the Management Executive, the Society may borrow money for the purposes of or in connection with its functions, subject to a limit of £5,000,000.

4.5. The Society may invest money (other than money held by it as trustee) for the purposes of or in connection with its functions. The investment may include investment by:

4.5.1. forming, or participating in forming bodies corporate;

4.5.2. otherwise acquiring membership of bodies corporate.

5. Commitments

Community benefit

5.1. The business of the Society shall be conducted for the benefit of the community and not for the profit of its members.

5.2. The profits or surpluses of the Society shall not be distributed either directly or indirectly in any way whatsoever among members of the Society but shall be applied:

5.2.1. to maintain prudent reserves;

5.2.2. on expenditure in carrying out the Society's functions.

Liaising with the NHS and other public bodies

5.3. In carrying out its functions the Society shall liaise with the NHS and other public bodies.

Respect for rights of people

5.4. In conducting its affairs, the Society shall respect the rights of members of the community it serves, its employees and people dealing with the Society, as set out in the Charter of Fundamental Rights of the European Union.

6. Framework

6.1. The affairs of the Society are to be conducted by the Management Executive, the Council and the members in order to fulfil the Society's purpose. The functions of the Management Executive, the Council and members, which shall at all times be exercised and performed in accordance with these rules, are as follows.

Members

6.2. Members may attend and participate at members meetings, vote in elections to, and stand for election for the Council, and take such other part in the affairs of the Society as is provided in these rules.

Council

- 6.3. The roles and responsibilities of the Council are:
- 6.3.1. to appoint or remove the Chief Executive, and to determine the terms and conditions of appointment;
 - 6.3.2. to approve an appointment by the Chief Executive of other members of the Management Executive and of the Secretary, and their terms and conditions of appointment;
 - 6.3.3. at each Council meeting to receive a report on the business of the Society from the Management Executive;
 - 6.3.4. in respect of each financial year, to cause to be prepared an annual report, revenue account and balance sheet as required by these rules;
 - 6.3.5. to determine the Society's strategy and forward plans in consultation with the Management Executive;
 - 6.3.6. to respond as appropriate when consulted by the Management Executive;
 - 6.3.7. to undertake such functions as the Management Executive shall from time to time request;
 - 6.3.8. to prepare and from time to time to review the Society's membership strategy, its Council Membership Policy, and when appropriate to make recommendations for change, including changes to these rules.

Management Executive

- 6.4. The business of the Society is to be managed by the Management Executive, who (subject to these rules and the roles and responsibilities of the Council) shall exercise all the powers of the Society.
- 6.5. The Management Executive shall report to each Council meeting on the business of the Society.

Secretary

- 6.6. The Society shall have a Secretary who may be an employee, but may not be the Chief Executive. The Secretary's functions shall include:
- 6.6.1. acting as Secretary to the Council;
 - 6.6.2. keeping the register of members and other registers and books required by these rules to be kept;
 - 6.6.3. summoning and attending all meetings of the members of the Society, of its Council, and keeping the minutes of those meetings;

- 6.6.4. acting as Returning Officer in any elections;
- 6.6.5. publishing to members in an appropriate form information about the Society's affairs to enable its purpose to be achieved;
- 6.6.6. preparing and sending to the Financial Services Authority and any other statutory body all returns which are required to be made.

7. Members

- 7.1. The members of the Society are the people whose names are entered in the register of members.
- 7.2. Membership is open to any person over 16 years old, who completes a membership application form specified by the Council, which includes an application for a share, and who:
 - 7.2.1. is a medical practitioner in practice or is a GP doing sessional work on the rota in one of the areas under the responsibility of a Primary Care Trust which is procuring services from the Society, and whose name is on the approved performers list of a Primary Care Organisation ("GP member"); or
 - 7.2.2. not being entitled to be a GP member, is
 - 7.2.2.1. employed by the Society or any subsidiary society or company; or
 - 7.2.2.2. is employed by another body but carries out functions for the Society; or
 - 7.2.2.3. is a registered volunteer
 - 7.2.2.4. Is a healthcare provider who provides NHS or not for profit services within operational boundaries of the society, to be members of ELMS where they are not eligible under other membership rules
- (“employee member”).
- 7.3. If the Council so decides, membership shall be open to any person over 16 years old, who completes a membership application form specified by the Council, which includes an application for a share, and who
 - 7.3.1. is a member of a Patients' Forum of a Primary Care Trust which is procuring services from the Society; or
 - 7.3.2. lives in one of the areas under the responsibility of a Primary Care Trust which is procuring services from the Society, and is not entitled to be a GP member or an employee member;

and in either case, such person shall be referred to as a “community member”.

- 7.4. GP members and community members may be divided into two or more constituencies based on geographical regions. Employee members shall be divided into clinical and non-clinical employees, and may be divided further into constituencies based upon geographical regions and/or upon skills/qualifications.

8. Shares

- 8.1. The shares of the Society have the nominal value of £1 each, but which shall not be payable unless payment is demanded by the Society. A share may not be transferred or withdrawn.
- 8.2. Every member holds one share, which shall be allotted upon admission to membership. No member may hold more than one share.
- 8.3. If a person ceases to be a member, the share registered in their name is to be cancelled and any amount subscribed for the share is to become the property of the Society.
- 8.4. Shares do not carry any right to interest, dividend or bonus.

9. Termination of membership

- 9.1. A member shall cease to be a member if:
 - 9.1.1. they die;
 - 9.1.2. they are expelled or cease to be entitled to be a member of the Society under these Rules;
 - 9.1.3. they withdraw from membership by giving at least one month’s written notice to the Secretary; or
 - 9.1.4. it appears to the Secretary that they no longer wish to be a member of the Society, and after enquiries made in accordance with a process approved by the Council, they fail to demonstrate that they wish to continue to be a member of the Society.
- 9.2. A member may be expelled by a resolution approved by not less than two-thirds of the Council attending and voting at a meeting. The following procedure is to be adopted.
 - 9.2.1. Any member may complain to the Secretary that another member has acted in a way detrimental to the interests of the Society.
 - 9.2.2. If a complaint is made, the Council may itself consider the complaint having taken such steps as it considers appropriate to

ensure that each member's point of view is heard and may either:

- 9.2.2.1. dismiss the complaint and take no further action; or
 - 9.2.2.2. for a period not exceeding twelve months suspend the rights of the member complained of to attend members meetings and vote under these rules;
 - 9.2.2.3. arrange for a resolution to expel the member complained of to be considered at the next meeting of the Council.
- 9.2.3. If a resolution to expel a member is to be considered at a meeting of the Council, details of the complaint must be sent to the member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the meeting.
- 9.2.4. At the meeting, the Council will consider evidence in support of the complaint and such evidence as the member complained of may wish to place before them.
- 9.2.5. If the member complained of fails to attend the meeting without due cause the meeting may proceed in their absence.
- 9.3. A person expelled from membership will cease to be a member upon the declaration by the Chair of the meeting that the resolution to expel them is carried.
- 9.4. No person who has been expelled from membership is to be re-admitted except by a resolution carried by the votes of two-thirds of the Council at a meeting.

10. Members meetings

- 10.1. The Society is to hold a members meeting (called the annual meeting) within nine months of the end of each financial year.
- 10.2. The functions of the annual meeting shall include:
- 10.2.1. receiving:
 - 10.2.1.1. the revenue account and balance sheet for the previous financial year; and
 - 10.2.1.2. a report on the Society's performance in the previous year;
 - 10.2.1.3. forward plans for the current year and the next 2 years;
 - 10.2.2. appointing:
 - 10.2.2.1. financial auditors;

- 10.2.2.2. external auditors of any other aspect of the performance of the Society;
 - 10.2.3. announcing the results of elections and nominations of those who are to serve on the Council.
- 10.3. All members meetings other than annual meetings are called special meetings and are to be convened by the Secretary either:
 - 10.3.1. by order of the Council; or
 - 10.3.2. if a written requisition signed (except where these rules say otherwise) by not less than 50 members or 10% of the membership, whichever is the higher, is delivered (addressed to the Secretary) to the Society's registered office. The requisition must state the purpose for which the meeting is to be convened. If the Secretary is not within the United Kingdom or is unwilling to convene a members meeting any Council member may convene a members meeting.
 - 10.3.3. A special meeting called in response to a members' requisition must be held within 28 days of the date on which the requisition is delivered to the registered office. The meeting is not to transact any business other than that set out in the requisition and the notice convening the meeting.
- 10.4. Notice of a members meeting is to be given:
 - 10.4.1. by notice to all members;
 - 10.4.2. by notice prominently displayed at the registered office and at all of the Society's places of business; and
 - 10.4.3. by notice on the Society's website

at least 14 clear days before the date of the meeting. The notice must:

 - 10.4.4. be given to the members of the Council, members of the Management Executive and to the financial auditors;
 - 10.4.5. state whether the meeting is an annual or special meeting;
 - 10.4.6. give the time, date and place of the meeting; and
 - 10.4.7. indicate the business to be dealt with at the meeting.
- 10.5. Before a members meeting can do business there must be a quorum present. Except where these Rules say otherwise a quorum is 20 members or 10% of the members entitled to vote at the meeting whichever is lower.
- 10.6. It is the responsibility of the Council, the Chair of the meeting and the Secretary to ensure that at any members meeting:
 - 10.6.1. the issues to be decided are clearly explained;

- 10.6.2. sufficient information is provided to members to enable rational discussion to take place;
- 10.6.3. where appropriate, experts in relevant fields are invited to address the meeting.
- 10.7. The Chair of the Council or in their absence some other Council member nominated by the members of the Council shall preside at all members meetings of the Society. If neither the Chair nor such other Council member is present and willing to act, the Council members present shall elect one of their number to be Chair and if there is only one Council member present and willing to act they shall be Chair.
- 10.8. If no quorum is present within half an hour of the time fixed for the start of the meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Council determine. If a quorum is not present within half an hour of the time fixed for the start of the adjourned meeting, the number of members present during the meeting is to be a quorum.
- 10.9. Subject to these rules and to any Act of Parliament, a resolution put to the vote at a members meeting shall, except where a poll is demanded or directed, be decided upon by a show of hands.
- 10.10. The Council may introduce arrangements for members to vote by post, or by using electronic communications.
- 10.11. On a show of hands and on a poll, every member present (and where postal or electronic voting arrangements have been introduced, any member who has voted in this way) is to have one vote. In the case of an equality of votes the Chair of the meeting is to have a second or casting vote.
- 10.12. Unless a poll is demanded, the result of any vote will be declared by the Chair and entered in the minute book. The minute book will be conclusive evidence of the result of the vote.
- 10.13. A poll may be directed by the Chair or demanded either before or immediately after a vote by show of hands by not less than one-tenth of the members present at the meeting.
- 10.14. Unless these rules or an Act of Parliament say otherwise, all resolutions are to be decided by a simple majority of the votes cast.

11. Council

Composition

- 11.1. The Council is to comprise elected and appointed Council Members and may include co-opted Council Members. There shall always be a majority of elected Council Members. Council Members shall comprise the following:

- 11.1.1. five GP Council Members elected by the GP members, who may, as the Council decides, represent different geographical constituencies;
 - 11.1.2. two (or more if the Council so decides) Employee Council Members, one elected by and from the clinical employee constituency, and the other elected by and from the non-clinical employee constituency;
 - 11.1.3. one (or more if the Council so decides) Community Council Members elected by community members, if the Society has community members;
 - 11.1.4. one or more Partnership Council Members appointed by those bodies specified in the Council Membership Policy;
 - 11.1.5. not more than two additional Council Members who may be co-opted by the Council in accordance with the Council Membership Policy.
 - 11.1.6. Two (or more if the council decides) Healthcare Provider Members elected by Healthcare Provider Members.
- 11.2. Subject to the provisions of this rule, the composition of the Council shall be in accordance with a Council Membership Policy which the Council will develop and adopt. The Council Membership Policy shall identify those bodies which may appoint Partnership Council Members, which may be NHS, public or voluntary bodies, or any organisation trading for a community or social purpose and not for the profit of its members. The purpose of the Council Membership Policy is to ensure that:
- 11.2.1. the Council has the skills and experience which it needs to operate effectively;
 - 11.2.2. the interests of the community served by the Society, and of the people providing the Society's services, and organisations relevant to the operations of the Society are adequately represented;
 - 11.2.3. the level of their representation on the Society's Council strikes an appropriate balance having regard to their legitimate interest in the Society's affairs.
- 11.3. Elections shall be held in accordance with arrangements to be determined by the Council. Members of the Council (other than co-opted members) will normally serve for periods of 3 years (concluding at the end of the third annual meeting after they took office) in accordance with the Council Membership Policy. Co-opted Council Members serve for 1 year and may be re-appointed subject to these rules. No person may serve on the Council for more than three consecutive terms (or a period of nine years, whichever is the greater).

11.4. GP Council Members, Employee Council Members and Community Council Members shall be entitled to receive a modest attendance allowance of an amount to be approved by the Council, for attending on Society business. Otherwise, Council Members will not receive any payment for serving on the Council other than the payment of reasonable expenses incurred in carrying out their duties. Nothing in this rule shall affect the right of any GP Council Member or Employee Council Member to receive remuneration for their services or employment.

11.5. No person can be a member of the Council who:

11.5.1. is under 18 years old;

11.5.2. is a member of the Management Executive, unless they are a part-time Clinical Executive;

11.5.3. refuses to sign a statement accepting the code of conduct for Council Members;

11.5.4. has been declared bankrupt or compounded with their creditors and has not been discharged;

11.5.5. is subject to a disqualification order made under the Company Directors Disqualification Act;

11.5.6. has been convicted of an offence where the conviction is not treated as spent under the Rehabilitation of Offenders Act 1974;

11.5.7. fails to abide by any rules for the conduct of elections made by the Council;

and any person who ceases to qualify under this rule shall immediately cease to be a Council Member.

11.6. A Council Member may be removed from the Council by a resolution approved by not less than three-quarters of the remaining Council Members present and voting at a meeting on the grounds that:

11.6.1. they have committed a serious breach of the code of conduct, or

11.6.2. they have acted in a manner detrimental to the interests of the Society, and

11.6.3. the Council consider that it is not in the best interests of the Society for them to continue as a Council Member.

11.7. Vacancies arising amongst the appointed Council Members will be filled by the organisation entitled to appoint the relevant Council Member. Vacancies arising amongst the elected Council Members will be dealt with as follows.

11.7.1. If a vacancy caused by retirement is not filled at the annual meeting at which they retire, the vacancy may be filled by the Council, until the next annual meeting, prior to which an election will be held.

- 11.7.2. A vacancy occurring for any other reason shall be filled by the next highest polling candidate at the most recent elections, who is willing to serve. If there is no such candidate, the Council may decide that an election shall be held.

In each case the person filling the vacancy shall serve for the unexpired term of office.

- 11.8. A Council member may be removed from office by a resolution carried by the votes of not less than two-thirds of the members present and voting at an annual or special meeting of the Society of which notice has been duly given.

Council Meetings

- 11.9. The Clinical Chair will assume the position of Chair of the Council.
- 11.10. The Council will meet at least four times in every calendar year at such times and places as they think fit. Seven clear days' notice of the date and place of each meeting is to be given in writing by the Secretary to all Council Members and to the Chief Executive. A Council meeting may be called by shorter notice if it is so agreed by all the Council Members entitled to attend and vote at the meeting.
- 11.11. At least one third of Council Members including at least one GP Council Member will form a quorum.
- 11.12. The Chair, or in their absence the Vice-Chair, or in their absence another Council Member being a GP Council Member or a Community Council Member is to chair meetings of the Council.
- 11.13. The Chief Executive shall attend every meeting of the Council, unless their performance, or terms and conditions of employment are the subject matter of the meeting.
- 11.14. Meetings of the Council may be called either by the Secretary, or by a notice in writing specifying the business to be discussed, given to the Secretary by the Chair of the Council, or by not less than four Council Members comprising at least one PCT Council Member or GP Council Member. The Secretary is to communicate every such notice to all Council Members as soon as possible and the meeting is to be held at a venue decided by the Secretary not earlier than seven days and not later than fourteen days after the receipt by the Secretary of the notice.
- 11.15. The Council may agree that its Members can participate in its meetings by telephone, video or computer link. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting.
- 11.16. The Council may appoint specialist advisors to advise on any issue and may invite them to attend and speak (but not vote) at meetings of the Council.
- 11.17. Subject to the following provisions of this rule, questions arising at a Council meeting shall be decided by a majority of votes. Each Council

Member shall have one vote. In case of an equality of votes at a Council meeting the Chair shall have a second and casting vote.

- 11.18. A resolution in writing signed by all members of the Council will have the same effect as a resolution passed at a meeting of the Council and may consist of several identical copies of a document each signed by one or more Council members.
- 11.19. Any Council Member who has a material interest in a matter as defined below shall declare such interest to the Council and:
- 11.19.1. may be present in any discussion of the matter unless a majority of the Council Members objects to their presence, but
- 11.19.2. shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).
- 11.20. Any Council Member who fails to disclose any interest required to be disclosed under the preceding paragraph must permanently vacate their office if required to do so by a majority of the remaining Council Members.
- 11.21. A material interest in a matter is any interest (save for the exceptions referred to below) held by a Council Member or their spouse or partner in any firm or company or business which, in connection with the matter, is trading with the Society, or is likely to be considered as a potential trading partner with the Society. The exceptions which shall not be treated as material interests are as follows:
- 11.21.1. an employment contract with the Society held by an Employee Council Member;
- 11.21.2. an employment or other contract with the Society held by a GP Council Member;
- 11.21.3. an employment contract with their appointing organisation held by a Partnership Council Member;
- 11.21.4. shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on any public exchange.

Committees

- 11.22. The Council shall appoint
- 11.22.1. a remuneration committee which shall determine the terms and conditions of employment of the Chief Executive and other members of the Management Executive. No Council Member who is an employee member shall be a member of such committee; and
- 11.22.2. an audit committee.
- 11.23. Except where these rules provide, the Council may not delegate any of its roles and responsibilities but it may appoint a committee or committees to assist it in carrying out its functions.

12. Management Executive

Composition

- 12.1. The Management Executive shall comprise
 - 12.1.1. The Clinical Chair, who will act as the organisation Medical Director.
 - 12.1.2. one or more Clinical Executives, whether on a part-time or full-time basis; and
 - 12.1.3. such other executives as the Council shall approve.
- 12.2. The Chief Executive shall be appointed by the Council using the following procedure:
 - 12.2.1. one or more appropriate candidates will be identified by a Nominations Committee;
 - 12.2.2. the Nominations Committee will include members of the Management Executive, and members of the Council (including its Chair) who will be the majority;
 - 12.2.3. the Council will make the final decision.
- 12.3. No person can be a member of the Management Executive who:
 - 12.3.1. has been declared bankrupt or compounded with their creditors;
 - 12.3.2. is subject to a disqualification order made under the Company Directors Disqualification Act 1986;
 - 12.3.3. has been convicted of an offence where the conviction is not treated as spent under the Rehabilitation of Offenders Act 1974.

Management Executive Meetings

- 12.4. The Management Executive will meet at such times and places as it thinks fit. A resolution in writing signed by all the members of the Management Executive shall be as valid and effectual as if it had been passed at a meeting of the Management Executive duly convened and held and may consist of several documents in the like form each signed by one or more members of the Management Executive.
- 12.5. At least two thirds of the members of the Management Executive (including the Chief Executive) will form a quorum, provided that where there are no members of the Management Executive save for the Chief Executive, the Chief Executive shall, subject to the disclosure of interests provisions below, have the authority to exercise all of the powers and discretions give to the Management Executive under these rules.
- 12.6. Members of the Management Executive shall disclose to the Council and the Management Executive any material interest which they or their

spouse or partner have in any business (whether incorporated or unincorporated)

- 12.6.1. which is carrying on any trade or industry which is also carried on by the Society, or
 - 12.6.2. which has any contract with the society.
- 12.7. Every member of the Management Executive shall provide a disclosure of material interests in a form to be approved by the Council. The Secretary shall record any material interests so disclosed in a register of Executives' interests.
- 12.8. For the purposes of this rule, a material interest in a business includes:
- 12.8.1. holding any shares in a company (except holding less than 1% of the total shares in issue of a company whose shares are listed on any public exchange);
 - 12.8.2. being a director of a company;
 - 12.8.3. being an employee of or consultant to a business;
 - 12.8.4. being the sole proprietor or one of the partners in an unincorporated business.
- 12.9. Any member of the Management Executive who has a personal involvement in a matter which is being discussed or considered by the Management Executive shall declare such involvement to the Management Executive and:
- 12.9.1. may be present in any discussion of the matter unless a majority of the other members objects to their presence, but
 - 12.9.2. shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).
- 12.10. Where as a result of the previous provision, there are no members of the Management Executive able to vote on a matter, any decisions relating to such matter shall be made by the Council, and the Management Executive shall not have the authority to proceed with such matter unless authorised to do so by the Council.
- 12.11. A personal involvement in a matter is any material interest (as described above) which they or their spouse or partner has in another business which is involved in the matter being discussed or considered, save for the following exceptions:
- 12.11.1. an employment contract with the Society;
 - 12.11.2. holding less than 1% of the total shares in issue of a company whose shares are listed on any public exchange.
- 12.12. The Management Executive will appoint a Clinical Governance Committee, which will be chaired by a Clinical Executive.

- 12.13. The Clinical Governance Committee will be responsible for:
 - 12.13.1. promoting, developing and monitoring the processes for the assurance of clinical quality;
 - 12.13.2. promoting, developing and monitoring the application of the Clinical Governance Strategy;
 - 12.13.3. presenting quarterly reports on its activities to the Management Executive.

13. Financial Audit

- 13.1. The Council will in respect of each year of account:
 - 13.1.1. cause to be prepared a revenue account or accounts which deal with the affairs of the Society and any subsidiary company or society for that year; and which give a true and fair view of the income and expenditure of the Society and any subsidiary company or society for that year;
 - 13.1.2. cause to be prepared a balance sheet giving at that date a true and fair view of the state of the affairs of the Society and any subsidiary company or society.
- 13.2. The Council is to lay a revenue account and balance sheet duly audited and signed by the financial auditor and incorporating the report of the financial auditor thereon (where required by legislation) before each annual meeting, accompanied by a report by the Council on the position of the affairs of the Society and any subsidiary or holding company or society signed by the chair of the Council meeting at which the report is adopted.
- 13.3. Where legislation so requires, the Council is not to cause to be published any balance sheet unless it has previously been audited by the financial auditor and it incorporates a report by the financial auditor that it gives a true and fair view of the income and expenditure, or the state of the affairs of the Society, as the case may be. Every revenue account and balance sheet published is to be signed by the Chief Executive and by two Council Members acting on behalf of the Council.
- 13.4. Where legislation so requires, a qualified auditor shall be appointed to audit the Society's accounts and a balance sheet for each financial year. In this rule "qualified auditor" means a person who is a qualified auditor under Section 7 of the Friendly and Industrial and Provident Societies Act 1968 and Section 25 of the Companies Act 1989.
- 13.5. Any financial auditor shall, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, make a report to the Society on the accounts examined by them and on the revenue account or accounts and the balance sheet of the Society for the year in question.
- 13.6. Save as provided in this rule every appointment of a financial auditor is to be made by resolution of a members meeting of the Society. The exceptions are:

- 13.6.1. the first appointment of a financial auditor is to be made within three months of the registration of the Society and is to be made by the Council if no members meeting of the Society is held within that time;
- 13.6.2. the Council may appoint a financial auditor to fill any casual vacancy occurring between members meetings of the Society.

14. Performance Audit

- 14.1. The Council may resolve that external auditors be appointed to review and publish a report on any aspect of the Society's performance. Any such auditors are to be appointed by the members.

15. Annual Returns

- 15.1. The Society will make an annual return to the Financial Services Authority as required by the Act.
- 15.2. The Society will supply a copy of the last annual return with all supporting documents to any member on request and without charge.

16. Amending these rules

- 16.1. Unless these rules say otherwise any rule may be altered or rescinded, or any new rule may be made, by resolution of at least two thirds of the members who vote at a members meeting. No change to these rules shall be valid until registered by the Financial Services Authority.
- 16.2. At any members meeting called by requisition of the members, no resolution to alter or amend these rules shall be valid unless it is also approved by a majority of the GP members voting, and a majority the employee members voting, and a majority of the community members voting (if there are any community members).
- 16.3. Rules 2 and 5 and this rule may only be changed by a majority of at least three quarters of the members who vote at a members meeting.
- 16.4. Where a resolution to amend rule 2, rule 5 or this rule is to be proposed at a meeting called on a requisition of the members, such resolution will only be valid if it is passed as a special resolution as described in section 52 of the Act.

17. Dissolution

- 17.1. A duly appointed receiver or manager of the whole or part of the Society's property may assume such powers of the Council or the Management

Executive as they consider necessary to carry out their duties under the instrument of appointment.

17.2. The Society may be dissolved by the consent of three-quarters of the members who sign an instrument of dissolution in the directed form or by winding-up in the manner provided by the Act.

17.3. On the winding up or dissolution of the Society, after the satisfaction of all its debts and liabilities, any property or funds whatsoever remaining must be applied by transfer:

17.3.1. to one or more other bodies with the same purpose as the Society; or

17.3.2. where no such bodies exist, to another body or bodies established for exclusively charitable purposes with functions the same as or similar to the functions of the Society;

in each case as determined by the members at a meeting called to decide the issue.

17.4. No funds or part of any funds remaining after satisfaction of all debts and liabilities may be distributed to members of the Society. This provision may not be altered or rescinded.

18. Indemnity

18.1. Members of the Council and the Management Executive and the Secretary who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions. Any costs arising in this way will be met by the Society. The Society may purchase and maintain insurance against this liability for its own benefit and for the benefit of the Council and the Management Executive and the Secretary.

19. Administrative provisions

19.1. Anything done in good faith by any meeting of the Council or the Management Executive shall be valid, notwithstanding that it is afterwards discovered that there was any defect in the appointment of any Council Member or member of the Management Executive, or that any one or more of them were disqualified and shall be as valid as if every Council member and member of the Management Executive had been duly appointed and was duly qualified to serve.

19.2. Minutes are to be kept of every members meeting, of every meeting of the Council, any committee appointed by the Council, and the Management Executive. Minutes of meetings will be read at the next meeting and signed by the Chair of that meeting. The signed minutes will be conclusive evidence of the events of the meeting. Minutes of members

meetings and of Council meetings (save in relation to confidential matters) shall be posted on the Society's website.

- 19.3. The Society's registered office is at: Royal Blackburn Hospital, Blackburn, BB2 3HH.
- 19.4. The Society is to keep at its registered office:
 - 19.4.1. a register of members in which the Secretary is to enter the following particulars:
 - 19.4.1.1. the names and addresses of the members;
 - 19.4.1.2. whether a member is a GP member, an employee member or a community member;
 - 19.4.1.3. details of the share held by each member and of the amount paid or agreed to be considered as paid for that share;
 - 19.4.1.4. a statement of other property in the Society whether in loans or loan stock held by each member;
 - 19.4.1.5. the date at which each person was entered in the register as a member and the date at which any person ceased to be a member;
 - 19.4.2. a duplicate register of members containing the names and addresses of members;
 - 19.4.3. a register of the names and addresses of the members of the Council, the basis of their membership of the Council and the dates on which they assumed office;
 - 19.4.4. a register of the holders of loan stock in which the Secretary is to enter such particulars as the Council direct and register all transfers of loan stock;
 - 19.4.5. a register in which the Secretary is to enter such particulars of all mortgages and charges on land of the Society as the Council directs.
- 19.5. Subject to the provisions of the Data Protection Act the registers to be maintained by the Society may be kept in electronic form.
- 19.6. The inclusion or omission of the name of any person from the original register of members shall, in the absence of evidence to the contrary, be conclusive evidence that such person is or is not a member of the Society.
- 19.7. The Society is to keep proper books of account with respect to its transactions and to its assets and liabilities in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
- 19.8. Members are entitled to inspect:

19.8.1. their own account

19.8.2. the duplicate register

at the registered office at any reasonable time.

- 19.9. The Secretary is to deliver a copy of these rules to every person on demand on payment of an amount fixed by the Council subject to the statutory maximum.
- 19.10. Notice of any change in the address of the registered office is to be sent by the Secretary to the Financial Services Authority in the directed form within fourteen days of the change.
- 19.11. Any notice required by these rules to be given shall be given in writing or shall be given using electronic communications to an address for the time being notified for that purpose. "Address" in relation to electronic communications includes any number or address used for the purposes of such communications.
- 19.12. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be treated as delivered 48 hours after the envelope containing it was posted or, in the case of a notice contained in an electronic communication, 48 hours after it was sent.
- 19.13. The Society shall maintain a website, accessible to members of the public.
- 19.14. The registered name of the Society and the address of its website are to be displayed on the outside of the registered office and every other office or place in which the business of the Society is carried on. The registered name of the Society is also to be mentioned in legible characters in all:
- 19.14.1. business letters, notices, advertisements and other official publications
- 19.14.2. bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the Society
- 19.14.3. bills, invoices, receipts and letters of credit of the Society.
- 19.15. The Society is registered under the Industrial and Provident Societies Acts 1965 (referred to as "the Act" in these Rules). Any references to the Act include reference to any statutory re-enactment and/or modification.

20. Disputes

- 20.1. Every unresolved dispute which arises out of these rules between the Society and:
- 20.1.1. a member; or

- 20.1.2. any person aggrieved who has ceased to be a member within the six months prior to the date of the dispute; or
- 20.1.3. any person claiming through such member or person aggrieved; or
- 20.1.4. any person bringing a claim under the rules of the Society; or
- 20.1.5. an office-holder of the Society

is to be submitted to an arbitrator agreed by the parties or in the absence of agreement to be nominated by the Strategic Health Authority (or any successor body). The arbitrator’s decision will be binding and conclusive on all parties.

- 20.2. Any person bringing a dispute must, if so required, deposit with the Society a reasonable sum (not exceeding £200) to be determined by the Council. The arbitrator will decide how the costs of the arbitration will be paid and what should be done with the deposit.

TRANSITION SCHEDULE

21. General

- 21.1. Until the first annual meeting, the affairs of the Society are to be conducted at all times in accordance with its purpose and the rules shall apply unless varied by this schedule.
- 21.2. The first members are the people who were the members of the former company limited by guarantee, company registration number 3046409 (“the former company”). The first Secretary is the person who was the secretary of the former company. The first Chief Executive is the person who was the Chief Executive of the former company.
- 21.3. The first Secretary may approve a membership application form.
- 21.4. Elections shall be held to elect the first Council Members who shall comprise the first Council. The first Council may decide to approach external bodies to appoint Partnership Council Members in accordance with these rules.

Persons authorised to sign these rules

Full Name	Signature	Date
.....		
.....		
.....		

First Secretary
Full Name

Signature

Date

.....