

Clinical Directors

23 November 2023

Dear

### **Invitation for PCNs to join the proposed Lincolnshire Primary Care Network Alliance Company**

Lincolnshire Primary Care Network Alliance (the "**Alliance**") was established in 2019 with the aim of creating a cohesive voice for PCNs in Lincolnshire. Its current members are the PCNs in Lincolnshire, represented by their Clinical Directors and PCN Managers.

During the last 18 months, we have been exploring the pros and cons of moving from an informal, unincorporated association to an incorporated, legal vehicle. We have looked at various options for incorporation including a limited liability partnership, a company limited by shares and a company limited by guarantee.

Overall, we consider that creating a company limited by guarantee is the best option for the future of the Alliance and we are inviting each PCN in Lincolnshire to be a member of the new company. We consider that creating this company, and being a member of this company, is mutually beneficial for all the Lincolnshire PCNs and general practice in Lincolnshire. However, we appreciate that some PCNs may want a more active role in the company, whereas some PCNs may want a more passive role. This is absolutely fine and we encourage participation at a level that suits you.

We have given answers to some anticipated questions below to help you make the decision as to whether you would like to join. The below describes our proposed position but we welcome feedback from you. The company will only be a success if we all contribute to its design and formation.

#### **What is a company limited by guarantee?**

A company limited by guarantee is a legal company, usually established for non-profit making reasons. Unlike a company limited by shares, a company limited by guarantee does not have a share capital or shareholders; it has "members" who are "guarantors" of the company. As such, in terms of public perception, it looks less like a 'commercial' vehicle, which is why we have chosen this form.

#### **What is the purpose of the company?**

The purpose of the PCNA is described in our "*PCNA - Purpose & Vision*" document, that we have shared with this proposal letter.

We hope that by incorporating the PCNA into a company, this will strengthen our ability to meet this purpose. In addition, we will be able to hold contracts in the future (whether for clinical services or as a provider of back-office services to the PCNs or practices) where that would be beneficial to the population and not in conflict with the interests of members and general practice. We will also be able to employ staff at a Lincolnshire-wide level to improve efficiencies and work at scale, which will increase general practice resilience and ensure sustainability.

#### **What is the relationship between the new PCNA company and existing GP federations / PCN legal entities within Lincolnshire?**

The PCNA company is not intended to replace existing GP federations or PCN legal entities, which already have an important role as the preferred vehicle for delivering local services. This is an opportunity to enhance this and do things differently as a wider group. As above, in keeping with the purpose and vision of the PCNA, the new company will support resilience of PCNs and general practice. The PCNA company will be mindful of the importance of managing conflicts of interest and ensuring transparency at all times.



### **Who will be the members and why should a PCN become a member?**

We are inviting all PCNs to be members of the company. Each member needs to be a legal entity. So, if a PCN is already incorporated, then that company will become the member. If a PCN is not incorporated, then it will need to nominate a host practice (if a legal entity) or individual to become the member on behalf of the PCN. Please let us know if you would like any help with making a decision as to who the 'member' should be.

One of the main reasons that we want to become a company is to future-proof the delivery of primary care and create a legal vehicle to gain more legitimacy in the system. We are all in this together and we need to work at scale across the system to take advantage of certain opportunities and to support each other.

### **What is each member's liability?**

Members agree to contribute a nominal sum to the liabilities of the company which becomes due in the event of the company being wound up. Each member's liability is limited to the guarantee amount and we are proposing that this is £1. There will be no membership fee.

### **How can a member leave the company?**

Members cannot transfer their ownership interests, like with the sale of shares in a company limited by shares. The company's Articles of Association will provide a mechanism for new members to join the company and existing members to leave. For example, a PCN member may want to leave if its practices withdraw from the DES and the network agreement.

### **Who will make decisions for the company?**

There are two 'decision-making' levels that we propose:

- **Members (the PCNs):** Approve strategy, annual plans, reports and accounts, certain governance arrangements, key appointments, any new service proposals.
- **Executive Team (this is the board of directors):** Propose and oversee implementation of strategy, plans, reports and accounts, governance arrangements.

We expect consensus to be the norm in respect of decision-making but, if consensus can't be reached, then we propose that decisions at both the Members' meetings and the Executive Team meetings will require a simple majority vote. We propose that the chair (or its deputy) will have a casting vote in meetings when required.

### **Who will be on the Executive Team?**

We propose that we have 5 directors in the Executive Team, which will mimic the current composition of the PCNA Executive Team (currently 3 Clinical Directors, a PCN Manager and Chief Operating Officer). In the future, new or replacement Directors would be appointed in accordance with the governance arrangements that have been approved by the members.

The Executive Team will control and handle the day-to-day running of the company and will meet regularly to discuss matters concerning the company. The Executive Team will make decisions in accordance with the governance arrangements that have been approved by the members.

### **Who oversees operations and strategy?**

As is currently the case, Clinical Directors and PCN Managers will feedback and engage with both the Executive Team and the PCN members. We propose two committees which will mirror the existing groups as follows:

- **Strategic Committee (currently known as the Clinical Directors group)** – the members will be Clinical Directors who will meet regularly and be responsible for overseeing the company's strategy, liaising with members and advising the Executive Team.
- **Operational Committee (currently known as the PCN Managers group)** – the members will be PCN Managers who will meet regularly and be responsible for overseeing the company's operational decisions, liaising with members and advising the Executive Team.



### What is needed to set up the company?

Once interested members have agreed to join the company, and we've all agreed how we will work together, we will share draft 'Articles of Association' along with an easy-to-read summary. The Articles will set out things like:

- How members can join and leave the company
- How meetings are conducted
- The voting and other rights of members
- Provisions relating to the directors and officers of the company.

We will also need to draw up a member's agreement, which is a private document not filed at Companies House. This will set out things like:

- Object and scope of the company
- Decision-making - composition of the board and management arrangements; provisions for unwinding a deadlock; minority protection, if any (for example, veto rights on certain matters, also known as "reserved matters")
- Financial arrangements
- Dispute resolution
- Approval process for business plans/strategies
- Exit of members and termination
- Confidentiality.

### Next Steps

We understand that not all PCNs may want to join the company at this time. This is an open invitation and PCNs may choose to join the company at a later date. Others may want to join now but take a 'back seat' and we're happy to discuss what this might look like. We welcome feedback on the proposals all the same.

Please can you confirm your provisional interest in joining the PCNA company by **15 December 2023** and please do come back with any questions or feedback in the interim. We will collate questions and feedback and these will be shared anonymously with all PCNs.

Once we know which PCNs are interested, we can work together as a group to agree the detail and develop draft Articles. We realise that PCNs will not be able to give absolute commitment until more detail is shared and agreed so we are simply seeking expressions of interest from PCNs at this stage.

Given all the potential benefits of setting up the PCNA company, we would like to work at speed with interested PCNs to set this up and would appreciate your support with this.

We look forward to hearing from you.

Yours sincerely

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Chief Executive Lincolnshire PCN Alliance

**Mrs Alaina Foy**  
Chief Operating Officer Lincolnshire PCN Alliance

**Dr Kevin Thomas**  
Deputy Chief Executive Lincolnshire PCN Alliance

**Dr Kaval Patel**  
Deputy Chief Executive Lincolnshire PCN Alliance

**Mr Darren Altus**  
Director of Transformation Lincolnshire PCN Alliance