



# LOC Treasurer Guidance



## LOC Treasurer Guidance

### Contents

<b>Purpose of Document</b> .....	<b>3</b>
<b>Local Optical Committees Background</b> .....	<b>3</b>
LOC Committee.....	3
Chair.....	4
Secretary.....	4
Administrator.....	4
<b>Treasurer Role</b> .....	<b>4</b>
LOC Budget and Accounts.....	4
LOC Budget.....	4
Reserves.....	5
Annual Accounts and Inspection.....	5
LOC Income and Expenditure.....	5
LOC Levy.....	5
Reviewing Levy Income.....	5
Altering the LOC Levy.....	5
LOCSU Levy.....	6
LOC Payments.....	6
Allowances.....	6
Honoraria Payments.....	6
Taxation.....	6
Mileage Rates.....	7
Reserves Policy.....	7
Financial Record Keeping.....	7
Central Optical (LOC) Fund.....	8
<b>Retention Periods</b> .....	<b>8</b>
<b>Appendix</b> .....	<b>9</b>
Appendix 1 – Treasurer Job Description.....	9



## Purpose of Document

This document is primarily aimed at Local Optical Committee Treasurers and is to be used as guidance. However, it can also be used by the whole LOC.

## Local Optical Committees Background

Established by the NHS (Amendment) Act 1949, LOCs represent the interests, and are comprised of, optical contractors and performers within defined areas while raising the profile of optics. LOCs are funded by a statutory levy on GOS sight tests (GOS forms 1, 5 and 6 fees) in their localities and meet regularly, including an annual AGM. A well-run LOC is a major asset to the local optical community, NHS and local authorities, and the public alike.

LOCs fulfill a number of important functions:

- Informing, advising and negotiating with local NHS England teams and CCGs on matters including delivering GOS, delivering local extended primary care services, and acting on other issues relevant to the local optical community
- Responding to relevant consultations
- Facilitating and encouraging local contractors and performers to formulate collective views
- Disseminating information among local contractors and performers to help them to understand and comply with their duties
- Conveying the views of local contractors and performers to the national representative bodies
- Contributing to the development of national policies
- Arrange / run events for contractors and performers for both education (CET) and networking.
- Liaising with other LOCs and LOCSU to support the LOC in developing and achieving their objectives
- Obtaining support, advice and training services from LOCSU and/or the national representative bodies

## LOC Committee

The committee must have a minimum of six elected members and should ideally be made up of equal numbers of local contractors and performers. Up to three members may be co-opted to achieve the exact balance between local contractors and performers. LOCSU recommends that at least one local dispensing optician who is not a contractor is properly included in their membership.

LOC Officers, such as Chair, Secretary and Treasurer, are elected through the committee. Observers such as optometric advisers may attend LOC meetings, if only for part of the agenda.



## **Chair**

The chair/vice chair has a strategic role to play in representing the vision and purpose of the LOC. The chair/vice chair ensures that the LOC functions properly, that there is full participation at meetings, that all relevant matters are discussed and that effective decisions are made and carried out.

## **Secretary**

The role of the secretary is to support the chair in ensuring the smooth functioning of the LOC. In LOCs without staff, the secretary may take a greater role in the day-to-day administration of the organisation.

## **Administrator**

The administrator will be expected to provide support to the LOC committee members in their various roles and to develop an understanding of the committee's functions. This is a non-officer role that some LOCs have felt helpful to have in the running of the LOC.

A point on governance: to avoid conflict of interest the posts of secretary and treasurer should be held by different people.

## **Treasurer Role**

The overall role of a LOC treasurer is to maintain an overview of the LOC's financial affairs, ensuring its viability and that proper financial records and procedures are maintained. The treasurer must be aware of their fiduciary duties to the committee which reflect a relationship of trust and loyalty between yourself, the LOC, its members and contractors and performers. The expectation is that the treasurer will act in good faith, and in the best interests of the LOC. A template job description can be found in [Appendix 1](#).

A change in treasurer should be notified to your NHS regional team and PCSE.

## **LOC Budget and Accounts**

### **LOC Budget**

A LOC's expenses should be met by means of a statutory levy on the GOS sight test fees payable to local contractors.

The annual budget should be compiled by the treasurer based on an agreed programme of activity. This should be done in sufficient time to be discussed by the LOC and needs to be agreed at the AGM.

The budget will form the basis against which actual financial performance is measured, and this should be reviewed regularly throughout the year, usually quarterly. LOC finances should be included as a standing agenda item at each LOC meeting.

The overall budget and spending plan should be voted on and adopted by the whole Committee.



## **Reserves**

When drawing up the budget, the treasurer should consider the level of reserves and if it is within the reserves policy.

If the level of reserves is too high or too low, then the LOC should consider taking action to ensure the reserves return to an acceptable level.

Further information on reserves policies can be found on [page 6](#)

## **Annual Accounts and Inspection**

The LOC model constitution requires LOCs to prepare annual accounts. These should be approved by the LOC after they have been inspected by a suitable person or persons and presented to the LOC at its AGM (see 13.4 of the Model LOC Constitution). The constitution also says that LOC accounts should be submitted to the NHS England Area Team.

## **LOC Income and Expenditure**

### **LOC Levy**

The LOC levy is agreed annually at the AGM and is made up of the LOC levy and the LOCSU levy. Some LOCs also agree at the LOC AGM that the treasurer can adjust the levy during the year within a set range.

The LOC levy is paid monthly by Primary Care Support England (PCSE) a month in arrears, i.e. payment made in July for activity in June. This may arrive in multiple payments if you have some contractors who have moved over to the PCSE Online system.

### **Reviewing Levy Income**

The LOC treasurer should review the completeness of the levy income. High level checks can be performed on:

- Statements from PCSE and PCSE Online
- Number of contractors in the area from whom a levy is collected
- Voluntary levy-payers mandates complete and in place.

Statements from PCSE should also be reconciled with the LOC's bank payments.

Any Levy issues should be raised with PCSE via their [online form](#) in the first instance. LOCSU can escalate levy issues if you do not receive a timely response from PCSE.

### **Altering the LOC Levy**

A standard template has been introduced for LOC treasurers to use when requesting to change the LOC's statutory levy percentage or change the method of paying the LOCSU levy, which can be found [here](#).

The template must be completed in full and emailed to the Ophthalmic Team at your NHS England regional office. Information required includes:



- the total LOC levy % to be deducted (including LOCSU %),
- whether you want the LOCSU levy to be paid direct to LOCSU by PCSE
- the date you want the change to take effect from.

Once NHS England have approved the request for change, they will instruct PCSE to update the Ophthalmic Payments System accordingly so that the levy percentage collected is in line with your request.

PCSE will notify you once the Ophthalmic Payments System has been updated.

### **LOCSU Levy**

The LOCSU levy is set at 0.5% of the GOS sight test fees payable to local contractors. The easiest way to pay is direct to LOCSU by PCSE which means that the LOCSU levy is deducted at source. Full details on how to set this up are available from LOCSU.

### **LOC Payments**

#### **Allowances**

LOC officers and committee members should be paid for the work they do on behalf of the LOC. LOCs can reimburse bona fide costs incurred by LOC members when attending day meetings on LOC business. In addition, LOC members may claim reasonable travelling and subsistence costs incurred in attending meetings on behalf of the LOC. Most LOCs also pay a small attendance allowance for attending LOC meetings.

#### **Honoraria Payments**

Honoraria payments are often made to the LOC officers (chair, secretary, treasurer) and the amount is based on the level of activity in the LOC.

#### **Taxation**

HMRC guidance makes clear that the posts of chair, vice chair, treasurer and secretary are office holders and therefore the payments they receive for attending meetings etc are subject to the deduction of PAYE and NIC.

If the services or the individuals involved are provided by the companies that employ them, then the remuneration can be paid gross to the companies and taxed accordingly as part of the income of the companies. However, when invoicing such remuneration, the companies are likely to be VAT registered and will have to charge VAT on the remuneration.

Other LOC committee members are not deemed to be office holders and can therefore be paid gross for attending meetings etc, but such remuneration needs to be included on their annual tax returns and taxed accordingly as income from self-employment. It is advisable for the LOC to inform LOC members of this in writing.



## **Mileage Rates**

HM Revenue & Customs have set a maximum reimbursement rate for car mileage of 45 pence per mile in order that the payment may be tax free. This covers up to 10,000 miles in any tax year.

## **Reserves Policy**

Keeping money aside as a reserve protects the LOC against drops in income and allows it to take advantage of new opportunities.

A reserves policy explains why you are setting money aside rather than spending it on the LOC's aims. It's helpful if the policy is written in terms of purpose – 'to protect the continuity of our core work' - rather than 'to cover three months of unrestricted spending'.

The LOC will need to go through each area and put a financial number to it, or perhaps a range. Here are three key areas and some things to consider:

- 1 Provide a level of funds that protects the continuity of our (core) work
  - What is the core work that we would want to protect?
  - How much does that cost?
  - Do we spend evenly or are there peaks and troughs?
- 2 Provide a level of funding for unexpected opportunities
  - What opportunities have arisen in recent years?
  - What capacity could we have for new opportunities?
  - Results of horizon scanning from annual planning
- 3 Provide cover for risks such as unforeseen expenditure or unanticipated loss of income
  - Review of recent years' experience

The reserves policy should be reviewed regularly to make sure that the LOC isn't setting aside too much or too little.

## **Financial Record Keeping**

Accounting records should be kept together with other financial records, information and calculations needed to prepare annual accounts. This includes records of:

- all money spent by the LOC, for example receipts, petty cash books and invoices
- all money received by the LOC, for example, levy statements
- details of assets owned by the LOC
- debts the LOC owes or is owed
- any other relevant documents, for example bank statements and correspondence



## Central Optical (LOC) Fund

The Central Optical Fund is administered by trustees who allocate funds to suitable projects on behalf of the optical profession.

Individual optometrists or practices decide whether to contribute to the Central Optical Fund. LOCs can also vote at an AGM to make a donation from any surplus they have accumulated.

Further information can be found at <http://www.centralfund.org.uk>

## Retention Periods

The Information Commissioner's Office (ICO) has a number of recommendations with respect to record retention where there is no statutory minimum.

Most items are 6 years plus the current year, but some items such as board minutes are indefinite – that would probably mean LOC minutes in the LOC context as there is no 'board' as such.

Emails are not specifically mentioned, but best practice is to record any decisions made by email at the next committee meeting. This also applies to any decisions made by a virtual group such as a WhatsApp group. If it's general email discussions, there is no obvious need to keep these.

Category	Minimum Retention Period
Accounting records detailing organisation's transactions, including supporting documents	3 years from creation date – private company 6 years from creation date – public company
Formal organisational documents: <ul style="list-style-type: none"><li>• Statutory books</li><li>• Board minutes</li><li>• Resolutions</li></ul>	Indefinitely
Meeting minutes	10 years from date of meeting



## Appendix

### Appendix 1 – Treasurer Job Description

*This is a template for LOCs to personalise*

#### Treasurer Role Description

The overall role of a treasurer is to maintain an overview of the LOC's financial affairs, ensuring its viability and ensuring that proper financial records and procedures are maintained. The treasurer must be aware of his/her fiduciary duties to the committee. The role and person specification are summarised below.

#### General financial oversight

- To oversee and present budgets, accounts and financial statements.
- To liaise with other officers about financial matters.
- To ensure that appropriate accounting procedures and controls are in place.
- To ensure compliance with relevant legislation and business practices.
- To ensure any recommendations of the auditors are implemented.
- To respond to local financial enquiries.
- Ensuring levy received correctly and levy contribution paid.

#### Financial planning and reporting

- To present financial reports to the committee.
- To make a presentation of the accounts at the annual general meeting (AGM).
- To advise on the organisation's reserves policy.
- To advise on the financial implications of the LOC's strategic and operational plans.
- To advise on the financial strategy of the organisation.

#### Qualities and skills preferred

- Experience of financial control and budgeting.
- Good communication and interpersonal skills.
- A willingness to be contacted on an ad hoc basis.
- Ability to ensure decisions are taken and followed-up.

#### Time commitment required

The role of the Treasurer requires an estimated commitment of: [insert]