



Governors Council

Report of:	Chairman
Title:	Monitor Code of Governance
Date:	21 st September 2007
Action:	For approval

Summary:

At its meetings in January and July 2007, the Board of Directors considered the benchmarking process of the Trust's current policies and procedures against the Monitor Code of Governance published in September 2006.

Recommendation:

The Governors Council is asked to note the updated benchmarking analysis and approve the revisions to the Governors Council Terms of Reference, Standing Orders, and Governors Nomination & Remuneration Committee Terms of Reference.

Code Provision Number	Code Provision Measure	Comply?	Evidence/Action Required	Reference	Completion Date/Lead
A.1 The board of directors					
A.1.1	<p>The board of directors should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for decision by the board of directors.</p> <p>The schedule of matters reserved for the board of directors should be complemented with a clear statement detailing the roles and responsibilities of the board of governors (as described in B.1.4). There should also be a statement explaining how disagreements between the board of governors and the board of directors will be resolved.</p> <p>The annual report should include a statement of how the board of directors and the board of governors operate, including a high-level statement of which types of decisions are to be taken by each of the boards and which decisions are to be delegated to the management by the board of directors. The developmental nature of the board of governors' role would suggest that any agreements should be kept under review as the role evolves.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Meets monthly; quarterly in public</p> <p>Standing Orders revised June 2007 - to be agreed by Audit Committee/Board of Directors. Governors Standing Orders revised to reflect the requirement in B.1.4</p> <p>Included in Standing Orders - utilising Senior Independent Director. A statement is required</p> <p>Statement to be written by the Board</p> <p>Included in annual report</p>	<p>Standing Orders Section 4</p> <p>Standing Orders Reservation of Power to the Board and Schemes of Delegation</p> <p>As above</p> <p>Standing Orders 3.10</p> <p>Annual Report 2006/07 Page</p> <p>Annual Report 2006/07 Page 27</p> <p>Standing Orders Reservation of Power to the Board and Schemes of Delegation</p>	<p>DONE</p> <p>JC/AMF - for ?? Governors Council</p> <p>DONE</p> <p>DONE</p> <p>DONE</p>
A.1.2	<p>The annual report should identify the chairman, the deputy chairman (where there is one), the chief executive, the senior independent director (see A.3.3) and the chairmen and members of the nomination, audit and remuneration committees. A record should be kept of the number of meetings of the board of directors and the attendance of individual directors, and it should be supplied to the board of governors on request.</p>	<p>Yes</p> <p>Yes</p>	<p>Included in annual report</p> <p>Foundation & Communications Manager holds</p>	<p>Annual Report 2006/07</p> <p>Attendance Charts for each committee</p>	<p>DONE</p> <p>DONE</p>

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A.1.3	<p>The chairman should hold meetings with the non-executive directors without the executives present.</p> <p>Led by the senior independent director, the non-executive directors should meet without the chairman at least annually to evaluate the chairman's performance, as part of a process, which should be agreed with the board of governors, for appraising the chair and on such other occasions as are deemed appropriate.</p>	<p>Yes</p> <p>Yes</p>	<p>On an ad hoc basis throughout the year; formally as part of the Executive Remuneration Committee.</p> <p>Led by Jean Mason (Senior Independent Director), informal meeting held in February 2007 with NEDs without the Chairman, on a number of issues including his performance. Meetings can be called at any time. Details of this process regarding remuneration specifically included in SOs.</p>	Standing Order 8.1.4	<p>DONE</p> <p>DONE</p>
A.1.4	The board of directors should make available a statement of the objectives of the NHS foundation trust showing how it intends to balance the interests of patients, the local community and other stakeholders, and use this as the basis for its decision making and forward planning	Yes	Vision statement and Trust objectives meet this requirement. The Vision Statement is considered by the Strategic Planning Committee of the Governors Council		DONE
A.1.5	The board of directors should ensure that adequate systems and processes are maintained to measure and monitor the NHS foundation trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery. The board should regularly review the performance of the NHS foundation trust in these areas against regulatory requirements and approved plans and objectives.	Yes	A monthly performance management report is presented to the Board. A Performance Management Framework is in place with an annual review process required (Board needs to review this in August/September as not done so yet; include in Standing Orders)	Standing Orders pt 48 Reservation of Powers to Board of Directors	DONE

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A.1.6	The board of directors should report on its approach to clinical governance and its plan for the improvement of clinical quality in accordance with guidance set out by the Department of Health, the Healthcare Commission and Monitor	Yes	Healthcare Governance Committee minutes to Board; monthly report from Director of Nursing & Patient Services to Board; monthly Risk Register report to Board; Healthcare Commission Declaration to Board; include in Standing Orders	Standing Order pt 47 Reservation of Powers to Board of Directors	DONE
A.1.7	Where directors have concerns, which cannot be resolved, about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	N/A	This is the case		DONE
A.1.8	The chief executive, as the accounting officer, should follow the procedure set out by Monitor (NHS Foundation Trust Accounting Officer Memorandum, April 2005) for advising the board of directors and the board of governors, and for recording and submitting objections to decisions considered or taken by the boards in matters of propriety or regularity, and on issues relating to the wider responsibilities of the accounting officer for economy, efficiency and effectiveness.	Yes	CX has copy of Memorandum and has taken part in full induction process within the Trust. This would be implemented as required.		DONE
A.1.9	The board of directors should establish the values and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life, which include the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (The Nolan Principles).	Yes	Included in Board of Directors Terms of Reference and code of conduct section of Standing Orders. Standing Orders reviewed by the Audit Committee in January 2007 to reflect this code and becoming an FT; Standing Orders for the Governors Council approved March 2007		DONE subject to Standing Orders revision
A.1.10	The board of directors should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility. The board of directors should follow a policy of openness and transparency in its proceedings and decision making unless this conflicts with a need to protect the wider interests of the public or the NHS foundation trust (including commercial-in-confidence matters) and make clear how potential conflicts of interests are dealt with.	Yes No	Code of Conduct for Governors completed; Code of Conduct for NHS Boards relevance as an FT researched and no alternative available. Acceptance of Code updated for Board members on an annual basis by F&C Manager. Included in Standing Orders Feedback to staff from monthly meetings in monthly briefing; to be circulated to governors from January 2007 To ensure it is included in Board Code of Conduct ??check if we need anything else here re private meetings	Standing Orders Appendix F	DONE AMF 27/4/07 Board
A.1.11	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Yes	JC arranged on authorisation. Considered to be adequate following legal presentation to Board in May 2006. Mills & Reeve Solicitors presenting to Board of Directors briefing in August 2007		DONE

Code Provision Number	Code Provision Measure	Comply?	Evidence	Reference	Completion Date
A.3.3	The board of directors should appoint one of the independent non-executive directors to be the senior independent director, in consultation with the board of governors. The senior independent director should be available to members and governors if they have concerns which contact through the normal channels of chairman, chief executive or finance director has failed to resolve or for which such contact is inappropriate. The senior independent director could be the deputy chairman.	Yes	Vice Chair, Jean Mason, appointed and agreed by governors on 9/6/07 The role of Senior Independent Director is crucial in liaising with Governors. It is recognised that there may be circumstances or issues of concern that governors do not feel able to raise at a Governors Council meeting or Committee meeting. Such issues can be raised with the Senior Independent Director.	Standing Order 3.10	DONE DONE
A.3.4	The board of directors should include in its annual report a description of each director's expertise and experience. Alongside this in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust. Both statements should also be available on the NHS foundation trust's website.	Yes Yes	Available on website as annual report now published on website 18th July 2007	Annual Report 2006/07	DONE DONE
A.3.5	No individual should hold, at the same time, positions of director and governor of NHS foundation trusts.	Yes	N/A	?add to sos somewhere	DONE
B.1 The board of governors					
B.1.1	The board of governors should meet sufficiently regularly to discharge its duties effectively. Governors should make every effort to attend the meetings of the board of governors where practicable. The NHS foundation trust should facilitate this.	Yes	At least four times per year; arranged at times agreed by governors and set one year in advance; four committees	Governors Council ToR; Governors Council Code of Conduct	DONE
B.1.2	The board of governors should not be so large as to be unwieldy. The board of governors should be of sufficient size for the requirements of its duties. The roles, structure, composition, and procedures of the board of governors should be reviewed regularly as described in provision D.2.2.	Yes	33 members. Workplan includes annual review of structure/process/effectiveness	Governors Council ToR	DONE
B.1.3	The annual report should identify the members of the board of governors, including a description of the constituency or organisation that they represent, were elected or appointed, and the duration of their appointments. A record be kept of the number of meetings of the board and the attendance of individual governors and it should be made available to members on request.	Yes Yes	F&C Manager holds	Annual Report 2006/07	DONE DONE
B.1.4	The roles and responsibilities of the board of governors should be set out in a written document. This statement should include a clear explanation of the responsibilities of the board of governors towards members and other stakeholders and how governors will seek their views and inform them.	Yes No	Terms of Reference Include if necessary in revision of Governors Code of Conduct August 2007; Governors Handbook		DONE AMF September 2007

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B.1.5	The board of governors should receive and consider other appropriate information required to enable it to discharge its duties, for example, clinical and operational data.	Yes	Governors have had presentations, either at main Council meetings or in sub committees; i.e. Strategic Planning - DoF and DNPS. Schedule of shared information to be developed - RD/AMF		RD/AMF October 2007
B.1.6	The chairman is responsible for leadership of both boards (A.2) but the governors themselves have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives as appropriate. In these meetings other board members may raise questions of the chairman or his deputy or any other director present at the meeting about the affairs of the NHS foundation trust.	Yes	Governors not yet being proactive in doing this; but would be facilitated Annual Review of Governors Council and Committees in July 2007	Governors Council Annual Programme	DONE
B.1.7	The board of governors should establish a policy for engagement with the board of directors for those circumstances when they have concerns about the performance of the board of directors, compliance with the terms of authorisation or the welfare of the NHS foundation trust.	No	Policy to be written		AMF/AP/JH for Board by end Dec 2007
	The board of governors should consider the advantages of there being a senior independent director on the board of directors (see A.3.3).	Yes	Jean Mason, Vice Chair	Standing Orders	DONE
B.1.8	The board of governors should inform Monitor if the trust is at risk of breaching the terms of its authorisation if these concerns cannot be resolved at a local level. Governors should acknowledge the overall responsibility of the board of directors for running the NHS foundation trust and should not try to use the powers of the board of governors to veto the decisions of the board of directors. The board of governors should only exercise its power to remove the chairman or any non-executive directors after exhausting all other means of engagement with the board of directors.	Yes	In Governors Council Terms of Reference Communications framework in place for dealing with issues for governors	Governors Council Terms of Reference	DONE

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C.1 Appointments to the boards					
C.1.1	A nominations committee should regularly review the structure, size and composition of the board of directors and make recommendations for changes where appropriate. The nominations committee should give full consideration to succession planning, taking into account the challenges and opportunities facing the NHS foundation trust and the skills and expertise required on the board.	Yes No	The Board of Directors completes this role on an annual basis led by the Chairman. Roy Haynes prepared a paper on succession planning. Recommend this is discussed further by the Board.	Included in Executive N&R Committee ToR	DONE JH/AP/LC
C.1.2	There should be a nomination process for the identification and nominations of executive and non-executive directors. There may be one nominations committee responsible for the identification and nomination of executive and non-executive directors or two nominations committees. If there are two, one would be responsible for the nomination of executive directors and the other for identification and nomination of non-executive directors. The nomination committee(s) should evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of both executive and non-executive directors, including the chairman.	Yes Yes Yes	Executive Nomination & Remuneration Committee Governors Nomination & Remuneration Committee Board does this currently for presentation to governors N&R Committee		DONE DONE DONE
C.1.3	The chairman or an independent non-executive director should chair the committee(s).	Yes	Chairman chairs both		DONE
C.1.4	The governors are responsible at a general meeting for the appointment, re-appointment and removal of the chair and the other non-executive directors. They should agree with the nominations committee a clear process for the nomination of a new chair and non-executive directors. Once suitable candidates have been identified the nominations committee should make recommendations to the board of governors.	Yes Yes	Through Governors N&R Committee then presentation to Governors Council NED selection process submitted to Monitor during assessment; utilised in first appointment; annual review	Governors Council ToR NED selection process	DONE DONE
	When considering the appointment of non-executive directors, the board of governors should take into account the views of the board of directors on the qualifications, skills and experience required for each position.	Yes	Board of Directors clarifies what is required and then presented to N&R Included as part of the NED selection process	NED selection process	DONE

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C.1.6	For the appointment of a chairman, the nomination committee should prepare a job specification defining the role and capabilities required including	Yes	NED selection process; JD included	NED selection process	DONE
	an assessment of the time commitment expected, recognising the need for availability in the event of emergencies. A chairman's other significant commitments should be disclosed to the board of governors before appointment and included in the annual report. Changes to such commitments should be reported to the board of governors as they arise, and included in the next annual report. No individual, simultaneously with being a chairman of an NHS foundation trust, should be the chairman of another NHS foundation trust.	Yes	Included in annual report	Annual Report 2006/07	DONE
C.1.7	The terms and conditions of appointment of non-executive directors should be made available for inspection. The letter of appointment should set out the expected time commitment.	Yes	Available on request. Contract letter prepared for first FT NED appointment and will be used as template for future appointments		DONE
	Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board of governors before appointment, with a broad indication of the time involved and the board of governors should be informed of subsequent changes.	Yes	JD sets out time commitment		DONE
		Yes	Application form asks for confirmation of ability to meet time commitment		DONE
C.1.8	The annual report should describe the process followed by the board of governors in relation to appointments of the chairman and non-executive directors.	Yes	Included in annual report	Annual Report 2006/07	DONE
C.1.9	It is a requirement of the 2003 Act that the chairman, the other non-executive directors and – except in the case of the appointment of a chief executive – the chief executive, are responsible for deciding the appointment of executive directors. The nominations committee with responsibility for executive director nominations should identify suitable candidates to fill executive	Yes	Included in Terms of Reference for Executive Remuneration Committee Actioned proposal that the Trust renames this committee to avoid repetition of justification of non existence of a Nominations Committee to Monitor.	Exec N&R ToR	DONE
	director vacancies as they arise and make recommendations to the chairman, the other non-executives directors and, except in the case of the appointment of a chief executive, the chief executive.			Terms of Reference/Committee Structure chart to be revised	DONE
C.1.10	It is for the non-executive directors to appoint and remove the chief executive.	Yes	Included in Job Descriptions of NEDs and Chairman	JDs NEDs/Chairman - NED selection process	DONE
	The appointment of a chief executive requires the approval of the board of governors.	Yes	Included in Governors Council Terms of Reference and Constitution		DONE

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C.1.11	The board of directors should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity, nor the chairmanship of such an organisation.	No	This should be formalised and included in new Executive Director JDs. Will form part of future contracts	??incl in SOs	LC/JC
C.1.12	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Yes	Included in annual report. See comment at C.1.9	Annual Report 2006/07	DONE
C.2 Re-election					
C.2.1	Approval by the board of governors of the appointment of a chief executive should be a subject of the first general meeting after the appointment by a committee of the chairman and non-executive directors. Re-appointment by the non-executive directors followed by re-approval by the board of governors thereafter should be made at intervals of no more than five years. All other executive directors should be appointed by a committee of the chief executive, the chairman and non-executive directors and subject to re-appointment at intervals of no more than five years.	Yes No	Included in Governors Council Terms of Reference and Constitution Process for reappointment is approved by Governors N&R Committee and Governors Council Not compliant - for the purposes of stability at Executive level and for reasons of problematic enforcement the Board will not be requiring Executive Directors to be employed on five year fixed term contracts.	Governors Council ToR Governors Council ToR Public Board minute 270707	DONE DONE DONE (Check HR followed up with Monitor/FTN)
C.2.2	Non-executive directors, including the chairman, should be appointed by the board of governors for specified terms subject to re-appointment thereafter at intervals of no more than three years and to the 2003 Act provisions relating to the removal of a director. The chairman should confirm to governors that, following formal performance evaluation, the performance of the individual proposed for re-election continues to be effective and to demonstrate commitment to the role. Any term beyond six years (e.g. two three-year terms) for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. Non-executive directors may serve longer than nine years (e.g. three three-year terms), subject to annual re-election. Serving more than nine years could be relevant to the determination of a non-executive director's independence (as set out in provision A.3.1).	Yes Yes No No	N&R Committee; approved by Governors Council NED JD states 3 years Senior Independent Director led process for Chairman's evaluation following discussion with governors individually Details and timescales/process for formal evaluation of NEDs prepared by Chairman August 2007 for Governors N&R Committee 13/8 and next Governors Council; Process for next year to be reviewed for agreement by N&R in Oct/Nov and Governors March 2008 prior to next appraisals. (see also A.1.3, D.2.1, E.1.2) Planned into workplan to ensure evaluation takes place well in advance of any end date Included in revised Selection process for NEDs August 2007; to Governors Council 21.9.07.	NED selection process NED selection process	DONE DONE JH/LC (N&R end of 2007) JH

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C.2.3	<p>Elected governors must be subject to re-election by the members of their constituency at regular intervals not exceeding three years. The names of governors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable members to take an informed decision on their election.</p> <p>This should include prior performance information such as attendance record at governor meetings and other relevant events organised by the NHS foundation trust for governors.</p>	Yes	Detailed process forms part of constitution	Constitution	DONE
		Yes	Information collated by F&C Manager. Included in 2007 Elections		DONE

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D.1 Information and professional development					
D.1.1	The chairman should ensure that new directors and governors receive a full, formal and tailored induction on joining the board.	Yes	Detailed induction process set out and submitted to Monitor. Reviewed prior to each new appointment to ascertain if any changes are required; considered by members of N&R Committee.	Standing Order 3.12	DONE
D.1.2	The board should ensure that directors, especially non-executive directors, have access to independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors. Directors should also have access, at the NHS foundation trust's expense, to training courses and/or materials that are consistent with their individual and collective development programme as described in provision D.2. Decisions to appoint an external adviser should be the collective decision of the majority of non-executive directors. The availability of independent external sources of advice should be made clear at the time of appointment. Committees should be provided with sufficient resources to undertake their duties. The board of directors should also ensure that the board of governors is provided with sufficient resources to undertake its duties, with such arrangements agreed in advance. Non-executives need not seek to appoint a relevant adviser for each and every subject area that comes before the board. When difficult issues arise the first course of action should always be to encourage further and deeper analysis to be carried out within the NHS foundation trust.	Yes Yes Yes Yes	An additional paragraph to reflect this measure has been included in the Corporate Governance Framework Included in NED selection process DoF&P-Audit; Charitable Fund; DNPS - HCGov; F&C team- Exec Remuneration (should this sit under HR?) F&C team supports all governors committees	Standing Financial Instruction 9.1.3	DONE DONE DONE
D.1.3	The board of directors and the board of governors should be provided with high quality information appropriate to the respective functions of the boards and relevant to the decisions they have to make. The board of directors and the board of governors should agree their respective information needs with the executive directors. The information for the boards should be concise, objective, accurate and timely, and it should be accompanied by The board of directors should have complete access to any information about the NHS foundation trust that it deems necessary to discharge its duties, including access to senior management and other employees.	Yes No Yes	Clear annual programme in place for the Board and similar for Governors Council. Some further work required for the Governors Council as their role develops over the next 12 months. Prepare schedule suggested at B.1.5 Requests information as necessary.	Annual Programmes for Board of Directors and Governors Council	DONE RD/AMF October 2007 DONE

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D.2 Performance evaluation					
D.2.1	The chairman, with the assistance of the secretary of the boards if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for directors relevant to their duties as board members.	No	Need to ensure performance evaluations are scheduled in to enable chairman to do this. NB Board to note change in emphasis - Chairman required to assess the whole Board including Executive Directors. Board needs to give this consideration.	NEED TO ADD SOMETHING TO SOs?	JH/LC/SO to action as part of the performance appraisal process for 2006/07
D.2.2	Led by the chairman, the board of governors should periodically assess their collective performance and they should regularly communicate to members details on how they have discharged their responsibilities, including their impact and effectiveness on: <ul style="list-style-type: none"> ■ advising the board on the forward plans of the NHS foundation trust; and ■ communicating with their member constituencies and transmitting their views to the board of directors. The board of governors should use this process to review its roles, structure, composition and procedures, taking into account emerging best practice.	Yes Yes	Included in the annual Governors Council workplan for annual review in July Bi-annual newsletter, Your Trust News. Include Achievements/work in progress in autumn issue. Further work will be taken through the membership strategy to include membership events and more work linking members to governors to ensure views fed through, e.g. promotional work at the 25th Anniversary celebrations		DONE DONE - Ongoing work
D.2.3	There should be a clear policy and a fair process for the removal from the board of any governor that consistently and unjustifiably fails to attend the meetings of the board of governors, has a conflict of interest that makes them incompatible with the values and behaviours of the NHS foundation trust or fails to discharge their other responsibilities as a governor.	Yes	Included in Constitution Governors Council Code of Conduct in place, reviewed annually. Chairman and Foundation & Communications Manager review attendance figures on a six monthly basis to see if further action required. Last carried out in May 2007	Constitution Governors Code of Conduct; Governors Standing Orders	DONE DONE

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E.1 The level and make-up of remuneration					
E.1.1	<p>Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels. In designing schemes of performance-related remuneration, the remuneration committee should follow the following provisions:</p> <p>(i) The remuneration committee should consider whether the directors should be eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to match the long term interests of the public. Upper limits should be set and disclosed.</p> <p>(ii) Payouts or grants under all incentive schemes, should be subject to challenging performance criteria reflecting the objectives of the NHS foundation trust. Consideration should be given to criteria which reflect the performance of the NHS foundation trust relative to a group of comparator trusts in some key indicators.</p> <p>(iii) In general, only basic salary should be pensionable.</p> <p>(iv) The remuneration committee should consider the pension consequences and associated costs to the NHS foundation trust of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.</p>	<p>Met in part</p> <p>?Yes</p>	<p>Executive Nomination & Remuneration Committee covers remuneration of executive directors. Executive Team will be discussing the whole issue of pay (as discussed at Board meeting on 24th November 2005). Process for 2007 needs to comply with these recommendations</p> <p>Other FTs are questioning the definition of 'challenging performance criteria'.</p> <p>Make sure this is included in the paper presented to Exec N&R Committee</p>		<p>AP/JH/LC</p> <p>JC/LC to confirm</p>
E.1.2	Levels of remuneration for the chairman and other non-executive directors should reflect the time commitment and responsibilities of their roles.	Partly	NED remuneration policy agreed by governors Nov 2006. To be reviewed annually. Performance measured and process instigated to enable governors to consider for 2007. (see D.2.1)	NED remuneration policy	JH/LC
E.1.3	Where an NHS foundation trust releases an executive director to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement on whether or not the director will retain such earnings.	N/A	To be included in the annual report		N/A RD if situation arises

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E.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointment would entail in the event of early termination. The aim should be to avoid rewarding poor performance. They should take a robust line on reducing compensation to reflect departing directors' obligations to mitigate loss.	Yes	Included in Executive Remuneration ToR) (E.1.4) Not an issue for existing or future Executive Directors		DONE
E.2 Procedure					
E.2.1	The board of directors must establish a remuneration committee composed of non-executive directors which should include at least three independent non-executive directors. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board of directors. Where remuneration consultants are appointed, a statement should be made available of whether they have any other connection with the NHS foundation trust.	Yes	Executive Remuneration Committee Terms of Reference	Exec N&R ToR SFIs 8.1.2	DONE
E.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of 'senior management' for this purpose should be determined by the board but should normally include the first layer of management below board level.	Yes	Ensure Executive Remuneration Committee Terms of Reference are amended to 'delegated responsibility'. Board minute required. Change required to SOs??	Exec Remuneration ToR	DONE
E.2.3	The board of governors is responsible for setting the remuneration of nonexecutive directors and the chair. The board of governors should consult external professional advisers to market-test the remuneration levels of the chairman and other non-executives at least once every three years and when they intend to make a large change to the remuneration of a non-executive.	Yes	As per the definition of Senior Manager in the NHS Foundation Trust Financial Reporting Manual 2006/07 3.74, page 39	Added to Exec N&R ToR	DONE
		Yes	Roy Haynes presented to N&R; then agreed by gov council November 2006 for annual review - included in workplan	Governors Council ToR amended	DONE
			Governors Council N&R ToR amended	Governors N&R ToR	DONE

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F.1 Financial and operational reporting					
F.1.1	The directors should explain in the annual report their responsibility for preparing the accounts and there should be a statement by the auditors about their reporting responsibilities.	Yes	Included in the annual report	Annual Report 2006/07	DONE
F.1.2	The directors should report that the NHS foundation trust is a going concern, with supporting assumptions or qualifications as necessary.	Yes	Included in the annual report	Annual Report 2006/07	DONE
F.1.3	(a) The board of directors must notify Monitor and the board of governors to the public attention, any major new developments in the NHS foundation without delay, and should consider whether it is in the public interest to bring trust's sphere of activity which are not public knowledge which may lead, by virtue of its effect on its assets and liabilities or financial position or on the general course of its business, to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust. (b) The board of directors must notify Monitor and the board of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a change: <ul style="list-style-type: none"> ■ in the NHS foundation trust's financial condition; ■ in the performance of its business; and/or ■ in the NHS foundation trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust. 	Yes/No	The Board needs to be aware that issues need to be notified to Monitor AND the Governors Council Propose the inclusion of this measure in the schedule of shared information with governors (B.1.5) Board of Directors ToR amended	Board of Directors ToR	DONE - Monitor RD/AMF October Board
F.1.4	At least annually, the board of directors should set out clearly its financial and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation trust's business and operations, including clinical outcome data, to allow members and governors to evaluate its performance.	Yes	Trust Vision 2007/08 in place. Trust objectives circulated as part of annual report, together with waiting time Do we need more on clinical outcome data?	Vision; Trust Objectives 2007/08; Annual Report 2006/07; Annual Plan	DONE

Code Provision Number	Code Provision Measure	Comply?	Evidence	Reference	Completion Date
F.2 Internal control					
F.2.1	The board should conduct, at least annually, a review of the effectiveness of the NHS foundation trust's system of internal control and should report to members that they have done so. The review should cover all material controls, including financial, clinical, operational and compliance controls and risk management systems.	Yes	Audit Committee Terms of Reference Included in Board of Directors annual programme Forms part of the Annual Report	Annual Report 2006/07 Audit Committee ToR Board of Directors annual programme	DONE
F.3 Audit committee and auditors					
F.3.1	The board must establish an audit committee composed of non-executive directors which should include at least three independent non-executive directors. The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience.	Yes	Chairman - Ken Gaylard has recent financial exp	Audit Committee ToR	DONE
F.3.2	The main role and responsibilities of the audit committee should be set out in written terms of reference and should include details of how it will: <ul style="list-style-type: none"> ■ monitor the integrity of the financial statements of the NHS foundation trust, and any formal announcements relating to the trust's financial performance, reviewing significant financial reporting judgements contained in them; ■ review the NHS foundation trust's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, review the trust's internal control and risk management systems; ■ monitor and review the effectiveness of the NHS foundation trust's internal audit function; ■ review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; ■ develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and ■ report to the board of governors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken. 	Yes	Doublechecking recently revised Terms of Reference to see if any changes need to be made		JC

Code Provision Number	Code Provision Measure	Comply?	Evidence	Reference	Completion Date
F.3.3	The terms of reference of the audit committee, including its role and the authority delegated to it by the board of directors and by the board of governors, should be made publicly available. A separate section of the annual report should describe the work of the committee in discharging those responsibilities.	Yes	Can be put on website when it is revised. Available from Chairman of Committee or Foundation & Communications Manager	Audit Committee ToR	DONE
		Yes	Included in the annual report	Annual Report 2006/07	DONE
F.3.4	The audit committee should review arrangements by which staff of the NHS foundation trust may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.		Check where this is stated - Sos, whistleblowing, counter fraud etc. Doublecheck recently revised Terms of Reference to see if any changes need to be made	Corporate Governance Framework Appendix E	DONE
F.3.5	The board of governors should take the lead in agreeing with the audit committee the criteria for appointing, reappointing and removing auditors. The audit committee should make recommendations to the board of governors, in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor. If the board of governors does not accept the audit committee's recommendation, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the board of governors has taken a different position.	Yes	Governors Council Audit Performance Committee in place 2006. Subsequently terminated to move audit responsibilities totally into Governors Council. Terms of Reference revised Need process	Governors Council ToR amended	DONE JC/KG/AMF October 2007
		N/A	Include in Governors Council annual programme		DONE
F.3.6	When the board of governors ends an auditor's appointment in disputed circumstances, the chairman should write to Monitor informing it of the reasons behind the decision.	Yes	Terms of Reference for Governors Council	Governors Council ToR amended	DONE
F.3.7	The annual report should explain to members how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.	Yes	Included in annual report	Annual Report 2006/07	DONE

Code Provision Number	Code Provision Measure	Comply?	Evidence	Reference	Completion Date
G.1 Dialogue with members, patients and the local community					
G.1.1	The board of directors should make available a public document that sets out its policy on the involvement of members, patients, clients and the local community at large, including a description of the kind of issues it will consult on.	Yes	Partially covered by the constitution. Further developed in the membership strategy 2007	Constitution; Membership Strategy 2007	DONE
		No	PPI Strategy being revised later in 2007 Draft Communications Strategy prepared Consultation strategy planned		NC RD RD
		No	Revised PPI Strategy required (see G.1.1)		NC
G.1.2	The board of directors should clarify in writing how the public interests of patients, clients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums already in place (e.g. patients' forums, the overview and scrutiny committee, the local League of Friends, and staff groups).	No	Revised PPI Strategy required (see G.1.1)		NC
G.1.3	The chairman should ensure that the views of governors and members are communicated to the board as a whole. The chairman should discuss the affairs of the NHS foundation trust with governors. Non-executive directors should be offered the opportunity to attend meetings with governors and should expect to attend them if requested by governors. The senior independent director should attend sufficient meetings with governors to listen to their views in order to help develop a balanced understanding of the issues and concerns of governors.	Yes	Minutes of Governors Council presented to Board by the Chairman	Board agendas	DONE
		Yes	Monthly Briefing to Governors from January 2007; bi-monthly Governors News Sheet circulated to Governors Council and Board of Directors; Briefings arranged as necessary (e.g. Cdiff); Chairman/F&C team ensure Governors Council agenda includes relevant issues	Minutes and agendas of Governors Council; Governors News	DONE
		Yes	NEDs have attended Governors Council meetings	Governors Council attendance record	AMF Ongoing
		Yes	Jean Mason attends the majority of Governors Council meetings and is available for concerns/views to be expressed to her personally	Governors Council attendance record	DONE
G.1.4	The board of directors should ensure that the NHS foundation trust provides effective mechanisms for communication between governors and members from its constituencies.	Yes	Included in the revised membership strategy 2007. The action plan progress is monitored at Governors Council Membership Committee meetings. This will develop over time as the governors establish themselves within their constituencies, and following the annual review of performance of the Governors Council and additional actions agreed (July 2007).	Membership Strategy 2007 and action plan	DONE

Code Provision Number	Code Provision Measure	Comply?	Evidence		Completion Date
	Contact procedures for members that wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Yes	Foundation trust email. Information included on website. Staff governor email address installed. F&C Manager manages any communication for individual governors and manages Board of Directors. Programme of visits to groups to be planned for later 2007/early 2008. Communications Strategy being drafted June 2007.	Website; Annual Report 2006/07	DONE
G.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the nonexecutive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the board of governors, direct face-to-face contact, surveys of member opinion and consultations.	Yes	Included in Annual Report	Annual Report 2006/07	DONE
G.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement. This information should be used to review the trust's membership strategy, taking into account any emerging best practice from the sector.	Yes	Formal reporting to board on membership occurs through the Annual Plan before submission on 31/5/07. Governors Council Membership Committee will consider reports from membership database at each meeting, reporting to Governors Council, and these minutes being presented to the Board by the Chairman.	Minutes of Committee, Council and Board of Directors; Annual Plan and Membership Strategy action plan	AMF (Ongoing)
G.2 Co-operation with third parties with roles in relation to NHS foundation trusts					
G.2.1	The board of directors should maintain a schedule of the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate (boards should refer to appendix E of Monitor's Compliance Framework for a generic, non-exhaustive list of bodies). Directors should be clear of the form and scope of the co-operation required with each of these bodies in order to discharge their statutory duties.	Yes	Information included in annual plan		JC (30/3/07)
G.2.2	The board of directors should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative relationships are maintained with relevant stakeholder bodies at various levels as required. Periodically, the board should review the effectiveness of these processes and relationships and take steps to improve them. This might involve seeking feedback from the relevant third party bodies as appropriate and practicable.	?Yes	Confirmation of process in place required - how are we going to handle this - need to add as a formal item on the board agenda (6 monthly??)		JC (30/3/07)