

**MEMORANDUM OF UNDERSTANDING**

**DIVISION OF CHAIRMAN AND CEO RESPONSIBILITIES**

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This Memorandum of Understanding between the Chairman and Chief Executive of the Foundation Trust sets out our differing and complementary leadership roles.

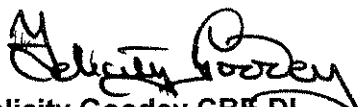
We have drawn on best practice in Chair and CEO relationships from the public and private sectors, including guidance contained in Monitor's *The NHS Foundation Trust Code of Governance* (2006), the Office for Public Management's *Understanding the relationship between NHS Chairs and CEOs* (in press) and the final recommendations from David Walker's *Review of corporate governance in UK banks and other financial industry entities* (published on 26<sup>th</sup> November 2009).

In accordance with best practice, we believe that as Chairman and Chief Executive it is essential that we are clear about our respective roles. We agree that at the broadest level the Chairman's role is to lead the Board of Directors to ensure that the organisation has the vision, strategy and resources in place which will deliver the objectives of the Trust and to create the conditions of good governance. The Chairman is also responsible for leading the Council of Governors and ensuring that Governors understand their role and have the resources, information and knowledge necessary to discharge their duties. The Chief Executive's role is to lead the Executive Team and ultimately ensure that the Board's vision and strategy is achieved and that all risks are effectively managed.

We acknowledge that the Chairman's role is not an executive role and therefore does not require her to become involved in the day-to-day running of the organisation. We also both respect the authority of the Board as the ultimate decision-making body in the Foundation Trust, whilst at the same time accepting that the Chief Executive in his capacity as Accounting Officer has a personal responsibility to Parliament for the overall performance and conduct of the organisation. Further clarification of each of these roles is provided in the table below.

We have a shared role in communicating with external audiences, including Monitor, but agree that the Chief Executive will take the lead in communicating with external parties about performance issues at the FT.

We recognise that the way in which we conduct ourselves individually and together has a significant impact on the effectiveness of the Board and the culture of the organisation. We will therefore strive to behave consistent with the contents of this Memorandum and model the values of the organisation at all times. However, we understand that whilst roles can be clarified and allocated, in practice they can be interpreted differently and/or there can be a blurring of boundaries as particular situations and needs arise. Therefore, as Chairman and Chief Executive, we are committed to ongoing discussions about our roles, and to seeking feedback from Board colleagues from time to time, including regularly reflecting on the extent to which we are each operating consistently with the role specifications outlined in this Memorandum.



**Felicity Goodey CBE DL**

**Chairman**

1 December 2009



**Julian Hartley**  
**Chief Executive**

1 December 2009



INVESTOR IN PEOPLE



Chairman - Felicity Goodey, CBE, DL  
Chief Executive - Julian Hartley, BA, MBA



Chairman	<p>As Chairman I will...</p> <ol style="list-style-type: none"> <li>1. Ensure that the Board of Directors and Council of Governors are effective in all aspects of their respective roles. I will achieve this by: <ul style="list-style-type: none"> <li>• Ensuring that the Board has a strategy and chief executive capable of delivering the objectives of the Trust</li> <li>• Ensuring the Board and the Council of Governors understand and focus on their respective roles</li> <li>• setting their respective agendas so that adequate time is available for substantive discussion on strategic and material issues;</li> <li>• facilitating, encouraging and expecting the informed and critical contribution of the Directors and Governors in particular in;</li> <li>• ensuring that Directors and Governors receive all information that is relevant to discharge their duties in an accurate, timely and clear form;</li> <li>• ensuring that constructive relations exist between Executive Directors, NEDs, and Governors and ultimately between the Council of Governors and the Board of Directors;</li> <li>• ensure that the Directors and Governors continually update their skills, knowledge and familiarity with the organisation;</li> <li>• ensure that new Directors and Governors receive a full, formal and tailored induction.</li> </ul> </li> <li>2. Support the CEO in the effective communication with stakeholders;</li> <li>3. Build strong external networks and liaise with stakeholders.</li> <li>4. Regularly evaluate the performance of the Chief Executive, the Board, committees and individual non-executive directors</li> <li>5. Ensure that the Council of Governors regularly evaluates its effectiveness and the effectiveness of its individual members.</li> </ol>	<p>As Chairman I will not...</p> <ol style="list-style-type: none"> <li>1. Be operational or interfere with the day-to-day implementation of the strategy or delivery of the organisation's core business;</li> <li>2. Take significant decisions without the prior consent of the Board or consultation with the Chief Executive;</li> <li>3. Demand too much time of the Chief Executive and his colleagues;</li> <li>4. As a non executive Chairman I will not direct executive colleagues.</li> </ol>
Chief Executive	<p>As Chief Executive I will...</p> <ol style="list-style-type: none"> <li>1. Ensure that an appropriate management structure is in place and that appropriate Executive portfolios are in place;</li> <li>2. In consultation with the Chairman, propose a direction for the organisation for the Board to debate and challenge;</li> <li>3. Once decided, work towards implementing the Board's direction for the organisation;</li> <li>4. Provide leadership in all aspects of organisational activities;</li> <li>5. Identify, mitigate and/or control all aspects of risk;</li> <li>6. Provide an effective system of risk management;</li> <li>7. Oversee the day-to-day running of the organisation with other Executive colleagues;</li> <li>8. Ensure that the Executive team and individual Executive Directors are effective in their role.</li> <li>9. Lead effective communication with patients, carers, members, staff, partners and other stakeholders, including the regulators;</li> </ol>	<p>As Chief Executive I will not...</p> <ol style="list-style-type: none"> <li>1. Disrespect the role and authority of the Board and the advice/ guidance of the Chairman;</li> <li>2. Fail to brief the Chairman on a timely basis;</li> <li>3. Be guarded or secretive with the Chairman over the affairs of the organisation;</li> <li>4. Be defensive when challenged by the Chairman.</li> </ol>

