



# Annual Governance Statement for Year ended 30 September 2022

## 1. Introduction and Context

NHS organisations have been required to publish an 'Annual Governance Statement' since 2012. The accountable and accounting officers of NHS organisations are required to give assurance about the stewardship of their organisations to the NHS Chief Executive and to include a Governance Statement in their annual report and accounts.

East Coast Community Healthcare C.I.C (ECCH) as a Community Interest Company is not required to produce a Governance Statement, but has elected to do so (in a form tailored to ECCH's situation) in order to:

- provide the Board with assurance that ECCH has an effective system of internal control and can demonstrate good governance.
- provide assurance to shareholders and commissioners.
- provide assurance to regulators, such as the CQC and NHSE/I.

The Governance Statement records the stewardship of the organisation to supplement the accounts and its production is timed to coincide with that of the approval and publication of the accounts. It gives a sense of how successfully the organisation has coped with the challenges it faced during the reporting year and of how vulnerable performance is or might be. This statement draws together position statements and evidence on governance, risk management and control, to provide a more coherent and consistent reporting mechanism.

## 2. East Coast Community Healthcare C.I.C.

East Coast Community Healthcare CIC (ECCH) is an employee-owned not-for-profit Social Enterprise (Community Interest Company) that provides a wide range of high quality community focused health and well-being services for adults and children, their families, and carers, in Norfolk and Suffolk, primarily in the Great Yarmouth and Waveney area, commissioned primarily by the NHS and local authorities.

From April 2019 ECCH's community services were brought into line with the Primary Care Networks and formed four Primary Care Homes. The Clinicians based in the community continued to work closely alongside GP practice staff to provide joined-up care. The Primary Care Homes are made up of groups of GP practices who are working together closely with community services, mental health, social care, hospitals and the voluntary sector to improve the services their patients receive. The networks aim to bring different providers into one place so that it is easier for patients to access the right service to meet their needs, closer to home. As well as services to adults, ECCH provided a Looked After Children service across Norfolk and Suffolk and provided a specialist Stop Smoking Service across the whole of Norfolk.

ECCH is owned by its employees. Staff can choose to become shareholders by purchasing a £1 share and 77% of the staff are now shareholders. They receive no dividend, but they have a strong voice in the organisation through the two Staff Directors elected by shareholders who sit on the ECCH Board and through the Shareholder Council.

### **3. Scope of Responsibility**

As Chief Executive Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the company's funds and assets, which are largely derived from public sources, for which I am personally responsible.

I am responsible for ensuring that the organisation is administered prudently and economically and that resources are applied efficiently and effectively, safeguarding financial propriety and regularity.

### **4. Compliance with the UK Corporate Governance Code**

Although not required to formally "comply or explain" to regulators, ECCH is cognisant of the Code and seeks to adhere to its ethos and values as a social enterprise. ECCH undertook a review of its compliance against the principles and provisions of the Code during 2021/22.

### **5. Governance Framework**

The overarching governance of ECCH is described in its Articles of Association (which sets out the powers and responsibilities of, and the framework of operation for, the directors and shareholders within the terms required of a CIC and ECCH's own objects. The Governance Framework (see Appendix 1) and the terms of reference of the Board and the Board sub-committees describe the specific structure of the governance arrangements for ECCH. The Company conforms to the requirements of the Companies Act 2006 and the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005 (as subsequently amended). ECCH is licenced as a provider of NHS services by Monitor (NHS Improvement) and regulated by the Care Quality Commission (CQC).

#### **5.1 The Board**

The Board is collectively accountable for developing and monitoring the strategy of the organisation, its financial and business reporting and for reviewing the effectiveness of the system of internal control, ensuring that the organisation complies with such generally accepted principles of good governance as are relevant to a not for profit social enterprise.

The Chair is responsible for the leadership of the Board and ensuring the appropriate level of constructive challenge.

Over the year, the Board has reviewed the quality and patient safety of its services, scrutinised operational and financial performance against national priorities and ensured the risks to their delivery are well managed.

The Board benefits from an appropriate balance of skills, experience, independence, and knowledge. The Chair of the Board and the non-executive directors are appointed by approval of staff shareholders. The Chair is responsible for the appointment of the Chief Executive and the Board, and the Chief Executive appoint the executive directors. There are four non-executive directors, four executive directors and two staff directors. The staff directors are elected to the Board by the staff shareholders.

Board meetings are held monthly in private, and our annual general meeting is a shareholder meeting.

ECCH's strategy 'Destination 2025' was defined in 2021 and a review of the organisation's Values was carried out, both with input from staff across the organisation. These values define our culture and are summarised by the acronym 'CARE' which stands for: Compassion, Action, Respect, Everyone. We

reflect on how we have evidenced these actions at the end of Board meetings, and in meetings across ECCH.

In-depth reviews of how the Board is operating and how well it leads the organisation in accordance with agreed values and objectives are also undertaken. The Board assesses performance against the CQC's 'Well-Led' Framework. The Board completes self-assessments and actively reflects on the outcomes to improve the effectiveness of the Board.

## **5.2 Committees of the Board**

During 2021/22 the ECCH Board operated four sub-committees: the Audit Committee, the Integrated Governance Committee, and the Remuneration Committee, each chaired by a Non-executive Director, and the Shareholder Council, which was chaired by the staff directors.

### **5.2.1 Remuneration Committee**

The Remuneration Committee is responsible for making decisions on behalf of the Board about the remuneration of the executive directors, remuneration policy for the company and appraising the performance of the Executive Team.

### **5.2.2 Audit Committee**

The Audit Committee holds responsibility for all corporate governance within the social enterprise. It has a key role to ensure all structures, systems and processes are in place to ensure high standards of audit, risk management and internal control on behalf of the Board. It has oversight of the Corporate Risk Register and the Board Assurance Framework. It determines the audit strategy, receives audit reports and monitors implementation of improvement action and oversees the counter fraud strategy and programme. The Committee undertook a reflection of its effectiveness and its processes in 2021 in line with the NHS Audit Committee Handbook.

### **5.2.3 Integrated Governance Committee (IGC)**

The Committee oversees the quality and patient safety agenda for ECCH, including patient and public involvement, patient feedback (complaints, Friends & Family Test), clinical risk management, strategic workforce & organisational development and training, clinical policies, safeguarding, medicines management, infection control, research & audit and information governance.

The Health & Safety Management Meeting reports to the IGC. The Health & Safety, Advisor is the competent Health & Safety person within ECCH to advise and support in the management of risks at all levels in the organisation to ensure statutory compliance.

### **5.2.4 Shareholder Council**

The purpose of the Shareholder Council is to provide a medium for dialogue between the shareholders and the leadership of ECCH and a means for consultation on issues, opportunities and challenges affecting the organisation. The Council exists to promote employee ownership within ECCH, to enable shareholders to engage as owners of the enterprise and to promote ECCH core values and signature behaviours throughout the organisation.

## **5.3 Subsidiary Companies**

ECCH now has 1 subsidiary companies:

### **5.3.1 East Point Business Services Ltd (EPBS).**

This business was established to provide support services to other customers to generate income to support ECCH's core operations.

The company has one share which is owned by ECCH. The Directors of EPBS include the Chief Executive Officer and the Executive Director of Finance and Resources of ECCH.

The Directors of EPBS are accountable to, and report directly to, the Board of ECCH for the governance and performance of EPBS.

## **6. The Risk Management Framework**

As noted in the Internal Audit Report on the 'BAF and Risk Management' (Oct 22) ECCH follows a proactive, systematic process for identifying, evaluating, mitigating and escalating risk (clinical, operational, financial) as outlined in the Risk Management Policy (which incorporates the Risk Management Strategy), which is regularly reviewed. An updated version was approved in February 2022.

As reported in the report ECCH has refreshed its strategic objectives during the year with the publication of the "Destination 2025" document. This clearly sets out strategic themes and objectives and the Board Assurance Framework (BAF) has been updated to align risk to these themes. The September 2022 Risk report shows 9 active risks aligned to these three themes.

As reported in the report ECCH, is still using the Datix incident and risk reporting system as its operational risk register but has purchased a new system "In-phase". The intention is to fully introduce the new system from September 2023 with an extended period of dual running with the existing Datix system in place in the meantime, enabling any issues to be dealt with and familiarity and training on the new system requirements to be rolled out. Corporate risk (those scoring 15 and above) are escalated to the BAF although if these originate from Datix the link to the corporate objectives is not always as clear and we have recommended that any new system attempts to map this more clearly to sharpen focus on the risk scoring and prioritisation.

The report also found good evidence of monitoring and reporting of risks with the monthly Risk Management reports and meetings supplemented by regular committee reporting and guidance to operational teams including standard meeting agendas referring to governance and risk issues. We also examined examples of team meeting minutes that demonstrated active discussion and management of risks relevant to each team including estates and medical devices.

The report details that the Integrated Governance Committee and Audit Committee continue to receive updated BAF and Risk register reports and their terms of reference were found to be in date and reference their responsibilities with regard to risk management.

The auditors review of the Risk Management policy found it to be in date and to contain all expected elements and good signposting to additional guidance and training materials.

The auditors found there was evidence of effective Board reporting and engagement with the Board approving the annual governance statement and minutes recording consideration of BAF and Risk reports throughout the year. The risk appetite statement is incorporated within the risk management policy and expresses the organisation's varying risk appetite according to risk area.

The report found that mandatory risk management training is in place with the September 2022 uptake reported at over 95%.

## **7. The Internal Control Framework**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of ECCH, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them efficiently, effectively and economically. Mechanisms to support internal control include:

- Clear, up to date Standing Orders, Scheme of Delegation and Standing Financial Instructions and prime financial policies
- Business continuity plans
- Staff policies and a comprehensive training programme
- A Whistleblowing Policy to encourage staff to speak out about concerns
- Control measures to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with
- Environmental Policy and Environmental Management Groups ongoing program of work
- Comprehensive policies and systems to ensure Health & Safety and Fire Safety standards are met
- A robust programme of counter fraud and anti-bribery activity, supported by the Local Counter Fraud Specialist (LCFS) whose annual programme of prevention, deterrence and detection monitored by the Executive Director of Finance and Resources and the Audit Committee.
- Robust information governance processes (as detailed below)
- Business conduct policies and processes such as gifts and hospitality register reviewed by Audit Committee
- Adherence to the Duty of Candour (Health and Social Care Act 2008 (Regulated Activities) Regulations 2014: Regulation 20).

### **7.1 Information Governance and Data Security**

The NHS Information Governance Framework sets the processes and procedures by which organisations providing NHS services handle information about patients and employees, in particular personally identifiable information. It is supported by the Data Security and Protection Toolkit and the annual submission process provides assurances to the commissioners, other organisations and to individuals that personal information is dealt with legally, securely, efficiently, and effectively.

All staff undertake annual IG training to ensure they are aware of their IG roles and responsibilities and to embed an information risk culture throughout the organisation. ECCH has appointed a Caldicott Guardian (the Director of Quality), a Senior Information Risk Owner (SIRO) (the Executive Director of Finance and Resources) and a Data Protection Officer (DPO).

ECCH recognises the need for a robust framework and rigorous processes around Information Governance, in the light of the growing number of threats to data security, legislative changes and increasing awareness of the risks. The Information Governance Group, which draws together representatives from across all of ECCH's functional areas, provides critical oversight of IG across the organisation, ensuring that all the necessary policies and processes are in place and up-to-date, acting as a communications channel and reviewing any issues relating to information governance that may arise.

The Integrated Governance Committee monitors the implementation of the IG framework, supporting policies and the work of the IG Caldicott Group. The Audit Committee has responsibility for ensuring that an adequate risk management framework is in place and monitors the Risk Register and the Board Assurance Framework.

IG incidents are investigated in line with national guidance and any incidents were assessed according to NHS Digital guidance. Any incidents during the year that required reporting to the Department of Health, the Information Commissioners Office or other regulators were reported in line with guidance.

The organisation published its annual Data Security Toolkit (2021-22) by the June 30<sup>th</sup>, 2022, deadline and achieved standards met.

## **8. Annual Quality Account**

ECCH continuously reviews the quality of care in each of its services and annually reports to the Board, commissioners, and regulators via the Annual Quality Account. The report for the year ending March 2022 was produced by 30<sup>th</sup> June 2022 deadline. The Quality Account sets out in detail the progress ECCH has made in that year in terms of the three Quality Domains of Clinical Effectiveness, Patient Safety and Patient Experience and describes our priorities for future improvement.

Through clinical audit, research, incident reporting and monitoring of patient experience, complaints and PALs ECCH ensures it is a learning organisation that aspires to continuously improve our services.

## **9. Review of economy, efficiency and effectiveness of the use of resource**

ECCH operates a strong financial management framework to ensure the lawful and best economic use of its assets. Financial regulations are supported by effective financial procedures set out in the 'Standing Orders, Scheme of Delegation and Standing Financial Instructions' and other finance policies, underpinned by the work of internal and external audit.

The Standing Financial Instructions (SFIs) regulate the conduct of the company's staff, Board and Committee members in relation to all financial matters and incorporate a scheme of delegation approved by the Board. The Executive Director of Finance and Resources oversees the budgetary control framework for the company, which includes the responsibility to monitor financial performance against the budget and business plan with regular reporting to the Board.

The company produces Annual Accounts in accordance with the Companies Act 2006, the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005 (as subsequently amended) and describes within the Accounts the benefits to the community ECCH has delivered in fulfilment of its obligations as a CIC. The Company is not established or conducted for private gain: any profits or assets are used principally for the benefit of the community.

All staff, managers, Board and Committee members have a duty to declare any conflicts of interest that arise as part of their roles in line with policy and the Anti-Fraud Policy governs ECCH's actions to counter fraud which include the appointment of a designated Local Counter Fraud Specialist in accordance with the requirements of the NHS Counter Fraud Authority. An effective internal audit function supports the governance framework by meeting Audit Standards, and providing independent assurance to the Audit Committee, CEO and Board. External scrutiny of ECCH's financial management and its annual accounts is provided by the External Auditors, who report their findings to the Audit Committee. The company maintains asset registers for items owned by the company and used in the course of delivering services.

## **10. Review of Effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the organisation who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report and other performance information available to me. My review is also informed by comments made by the external auditors. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee, Integrated Governance Committee and a plan to address weaknesses and ensure continuous

improvement of the system is in place. Our assurance framework provides me with evidence that the effectiveness of controls that manage risks to the organisation in achieving its principal objectives have been reviewed.

The organisation is fully compliant with the registration requirements of the Care Quality Commission (CQC). ECCH is required to register with the CQC and its current registration status is unconditional. The last CQC inspection was undertaken in November 2016 and ECCH was given a 'good' rating across the board for its services. ECCH has followed up with action plans for any issues CQC raised and have submitted a number of progress reports against these recommendations. ECCH submitted its Routine Provider Information Request to the CQC in December 2020 since then these have been disestablished and there have been periodic virtual scrutiny meetings with the CQC quarterly to provide them with further assurance.

### 10.1 Internal Audit

ECCH re-procured its internal audit services during 2021/22.

A total of 7 assurance reports have been provided.

The internal audit plan was subject to change and evolution throughout the course of the year with the proposed review of Financial Governance processes postponed due to organisational changes within the finance team, this will now be undertaken in 2022/23. The Penetration testing assignment was also delayed to staffing changes within the IT team. This work has now completed with the report currently being drafted. The full list of planned assignments and their status is shown in the table below.

The work of internal audit for 2021/22:

Audit Assignment	Status	Audit Sponsor	Assurance Opinion	Number of recommendations		
				High	Medium	Low
Assurance Framework and Risk Management	Final Report	Director of Quality	Substantial	0	0	2
Information Governance (review of DSPT evidence, mandated audit to be completed by end of June 2021)	Final Report	Director of Quality	Requires Improvement	5	7	10
Compliance with Provider Licence Conditions	Final report	Director of Quality	Reasonable	1	3	1
Financial Processes and Governance	Delayed until 2022/23 due to organisational changes.	Director of Finance and Resources	n/a			
Appraisal, Personal Development and Training	Final Report	Director of HR	Reasonable	0	3	1
Data Quality	Final report	Director of Quality	Requires Improvement	1	4	6
Secure E-mail Standard Assessment	Final report	Director of Finance and Resources	Requires Improvement	n/a	n/a	n/a

Penetration Testing	Fieldwork Complete	Director of Finance and Resources	Internet based security posture	Reasonable	0	3	1
			HSCN based security posture	Reasonable	0	0	1
			LAN security posture.	Requires Improvement	14	31	7
Clinical Governance Duty of Candour and Freedom to Speak up	Final Report	Director of Quality	Requires Improvement		1	4	5

All audit recommendations are logged and followed up by senior management. The Quality Team are responsible for maintaining the Audit Tracker and Action Plan to ensure actions are implemented and evidenced and it is reviewed by the Executive Team and Internal Audit. The Audit Tracker is updated and reviewed by the Audit Committee at every meeting.

### Head of Internal Audit Opinion

The Head of Internal Audit has provided a report for the year 2021/22. This was presented to the Audit Committee at its meeting on 22<sup>ND</sup> December 2022. This report updated the East Coast Community CIC Audit Committee on progress made against the agreed 2021/22 operational internal audit plan.

The overall opinion provided is that “reasonable” assurance can be given; this opinion reflects the outcome of the review of Assurance and Governance Processes and reviews completed in the year. The Assurance Framework (AF) is fundamental to the organisation’s risk management process, and as such supports the Annual Governance Statement within the Annual Accounts and aspects of risk management within the Annual Report. An effective AF is essential in demonstrating the active management of risks to the achievement of the organisation’s strategic objectives and providing evidence of control and assurance of mitigation of those risks. The overall opinion whilst, positive should not mask the need for improvement by the organisation identified in many of the assignment reports with some significant management actions agreed. These will require effective follow up to ensure the control weaknesses are remedied in a timely fashion.

The internal audit service is provided by West Midlands Ambulance Services for the 2021/22 audit plan and it is performed in accordance with Public Sector Internal Audit Standards.

### 10.2 Significant issues

The significant issues and risks to the ECCH delivery of its objectives as identified at the Board in the Board Assurance Framework and the Strategic Objectives Progress Report this year were:

1. There is an overarching financial risk to the future of the organisation if a viable surplus is not maintained
2. There is a risk that insufficient commercialisation opportunities will be secured to ensure the future commercial viability of the organisation
3. There is a risk of infrastructure failure and or data loss/breach
4. There is a risk that we do not develop our workforce, resulting in low morale and inability to recruit and retain staff
5. There is a risk that we will not be able to operate our business due to sickness and absences
6. There is a risk that we will not be able to provide a service because our partner organisations have failed to deliver on their contractual obligations
7. There is a risk that the outbreak of Coronavirus could severely impact the delivery of all our services.



8. There is an overarching contractual risk to the organisation from a failure to perform to standards set out within our contracts, or from a failure to work effectively within the framework of the ICS
9. Political - Integrated Care System (ICS) - There is a risk that the Political environment within the NHS and other Commissioners could shift and negatively impact ECCH or threaten its viability

## 11. Conclusion

With the exception of the internal control issues that I have outlined above, to which appropriate action has been or is being taken, my review confirms that a sound system of internal control was in place in East Coast Community Healthcare C.I.C. for the year ended 30 September 2022

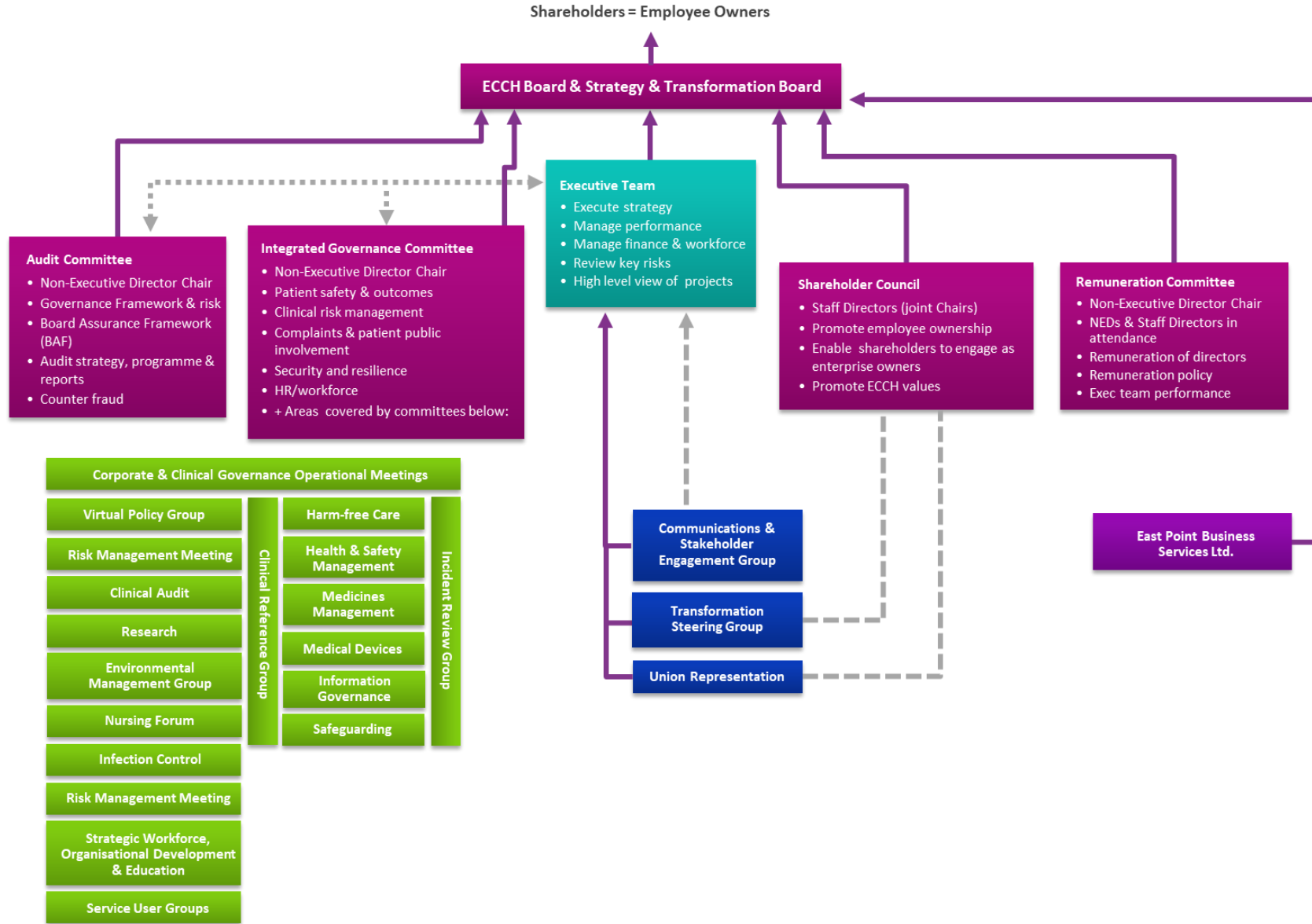
Signed:



Ian Hutchison, Chief Executive

Date: 4th April 2023

# Our Governance Structure



# Our Assurance Framework

