



Annual Governance Statement for Year ended 30 September 2023

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 75.81% 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 adheres to its ethos and values as a social enterprise.

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, six Executive Directors including the Chief Executive 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.

During 2023 the Board undertook an extensive and in-depth review of its Board Assurance Framework and internal governance structures and changes were made as a result to both the governance and board assurance frameworks, including changes to the board subcommittee structure. An assessment of how the Board is operating and how well it leads the organisation in accordance with agreed values and objectives is scheduled to be completed in early 2024 and any outcomes will be reflected upon and implemented to improve the effectiveness of the Board.

5.2 Committees of the Board

Between September 2022 and June 2023, 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.

However, in July 2023 ECCH revised its Governance Structure (as shown at [appendix 1](#)) and moved to a governance model of five sub-committees:

5.2.1 Sub Committees of the Board September 2022 and June 2023

5.2.1.1 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.

5.2.1.2 Independent Remuneration Review Group

The Independent Remuneration Review Group acts on behalf of the Remuneration Committee in matters concerning Non-Executive Directors (including the Chair) and Staff Directors' remuneration.

5.2.1.3 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.

5.2.1.4 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.

5.2.1.5 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.

5.2.2.1 Sub Committees of the Board July 2023 to September 2023

5.2.2.1 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.

5.2.2.2 Independent Remuneration Review Group

The Independent Remuneration Review Group acts on behalf of the Remuneration Committee in matters concerning Non-Executive Directors (including the Chair) and Staff Directors' remuneration

5.2.2.3 Audit & Risk Committee (ARC)

The purpose of the ARC is to provide assurance to the Board in overseeing and ensuring an appropriate audit and risk management process approach, to include annual/statutory financial risk management, with audit oversight, including Information Security and Governance.

5.2.2.4 Quality Committee (QC)

The purpose of the QC is to provide assurance to the Board on all aspects of quality, safety and the experiences of care provided throughout the organisation, this will be undertaken by:

- Ensuring there are appropriate quality governance arrangements in place to ensure ECCH meets its statutory and regulatory obligations.
- Analysing and identifying themes and trends in key quality indicators and ensuring actions are in place to respond and learn from these.
- Seeking assurance that appropriate progress is being made with regards to implementing recovery action plans where quality shortfalls have been identified.
- Providing assurance in respect of the effectiveness of the delivery of a high standard of research and innovation at ECCH.

The QC has a key role in promoting ECCH's vision and values and in developing the culture of a learning organisation and embedding best practice.

The Health & Safety Management Meeting reports to the QC. 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.

5.2.2.5 People Performance and Finance Committee (PPF)

The purpose of the PPF is to provide assurance to the Board in ensuring the planned and actual utilisation of resources is in accordance with the organisation's strategic vision and values. This will include:

- assurance that appropriate governance arrangements are in place to meet contractual obligations and manage overall performance effectively
- reviewing the investment of resources against agreed organisational priorities
- analysing and identifying themes and trends in key indicators and ensuring actions are in place to address any issues
- identifying any risks in the planned or actual utilisation of resources that will significantly impact upon the organisation

5.2.2.6 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 2 subsidiary companies, with Cavell Healthcare being acquired 12th November 2022:

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, the Director of Finance, the Executive Commercial Director of ECCH and a Non-Executive Director. The Directors of EPBS are accountable to, and report directly to, the Board of ECCH for the governance and performance of EPBS.

5.3.2 Cavell Healthcare

This business provides domiciliary and live in care to customers to generate income to support ECCH's core operations.

The company has one share which is owned by ECCH. The Directors of Cavell include the Chief Executive Officer, the Executive Operational Director, the Executive Commercial Director of ECCH and a Non-Executive Director. The Directors of Cavell are accountable to, and report directly to, the Board of ECCH for the governance and performance of Cavell.

6. The Risk Management Framework

In June 2023 ECCH began the update of its risk management governance and process in line with the organisational governance review and restructure.

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 November 2023.

ECCH's "Destination 2025" strategy clearly sets out its three strategic objectives and the Board Assurance Framework (BAF) has aligned 7 Principal Risks to these objectives.

ECCH updated its system for the reporting and management of risk in 2023 and is now using InPhase, a quality assurance system. All data held in the previous system Datix was transferred across to this new system. Training for the system was rolled out at the point of implementation. Corporate risks within InPhase (those scoring 15 and above) are escalated to the BAF and linked to the relevant strategic objectives.

The monitoring and reporting of risks have been a focus of the organisational risk update and review. 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.

The Committees all now receive the aligned Principal Risks on the BAF and the aligned Corporate Risks. The BAF, Corporate and Operational Risks alongside a Risk Management and Governance report and Chair's Assurance Report are all submitted to the Audit and Risk Committee. The Risk Management Group Terms of Reference were reviewed and updated alongside the risk review and reference to the committees responsibilities with regard to risk management is included.

The Risk Management policy is in date and contains good signposting to additional guidance and training materials.

There is effective Board reporting and engagement with the Board approving any annual governance statement's and considering 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.

Mandatory risk training is in place with the September 2023 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 Freedom to Speak Up 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
- 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 & Risk 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. At the point of the data security and protection toolkit submission in June 2023 ECCH's training compliance was 95.05%. ECCH has appointed a Caldicott Guardian (the Executive 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 Quality Committee monitors the implementation of the IG framework, supporting policies and the work of the IG Caldicott Group. The Audit & Risk 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 (2022-23) by the June 30th, 2023, 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 2023 was produced by 30th June 2023 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 reports and comments made by the external auditors. I have been advised by the Board, Audit & Risk, Quality Committees on the implications of the outcomes of my review of the effectiveness of the organisations system of internal controls. A plan is in place to address any weaknesses and ensure continuous improvement of the system. 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 to provide them with further assurance.

10.1 Internal Audit

ECCH re-procured its internal audit services during 2022/23. The internal audit service was provided by West Midlands Ambulance Services for the 2022/23 audit plan and it was performed in accordance with Public Sector Internal Audit Standards. A total of 3 assurance reports were provided.

The internal audit plan was subject to change and evolution throughout the course of the year. Unfortunately, our internal auditors ceased their service at short notice part way through 2022/23 and as a consequence not all audits were complete. The outstanding audits will now be undertaken by our new auditors TIAA who will be joining us from March 2024 and plan to complete the outstanding audits by September 2024. The full list of planned assignments and their status is shown in the table below.

The work of internal audit for 2022/23:

Audit Assignment	Status	Audit Sponsor	Assurance Opinion	Number of recommendations		
				High	Medium	Low
Financial Processes and Governance	Final Report issued	Director of Finance and Resources	Reasonable	0	5	1
Penetration Testing	Final Report issued	Director of Finance and Resources	Reasonable	14	35	9
Information Governance (review of DSPT evidence)	Final Report issued	Head of Corporate Governance and Data Protection Officer	Self Assessment Confidence Level High NDG Standards Risk Moderate	0	4	3

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 the tracker is reviewed by the Audit and Risk Committee at every meeting.

Outstanding audits;

Audit Assignment	Status	Audit Sponsor	Assurance Opinion	Number of recommendations		
				High	Medium	Low
Assurance Framework and Risk Management	Due Quarter 4 (September 2023)	Head of Corporate Governance and Risk Management				
Absence Management	Due quarter 3 (May 2023)	Director of Human Resources				
Organisation and Development Strategy	Due Quarter 4 (July 2023)	Director of Human Resources				
Innovation and New business opportunities	Due quarter 2 scoping meeting to be scheduled.	Commercial Director				
Medical Devices Management	Due Quarter 3 (May 2023)	Executive Director of operations				

Head of Internal Audit Opinion

Our internal auditors ceased their service at short notice part way through 2022/2023 and as a result we were unable to obtain a Head of Internal Audit Opinion. It is notable however that the Head of Internal Audits opinion for the previous year was that “reasonable” assurance could be given. Since that opinion ECCH have worked hard to further develop and improve its governance and embed more robust processes in addition to this the audits that were undertaken during 2022/2023 resulted in assurance opinions of ‘reasonable.’

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:

SO 1 – Improve health outcomes by leading the development of community-based care. The principal risks threatening SO1:

- **SO1 - PRINCIPAL RISK 1** - There is a risk that we don't have the resources, infrastructure, and governance in place to support and enable the delivery of safe high quality effective **PATIENT CARE** to improve health outcomes.
- **SO1 - PRINCIPAL RISK 2** - There is a risk that we are not a **LEARNING ORGANISATION** and do not respond to, and learn from patients, staff and system partners, resulting in the inability to effectively implement change and improve health outcomes.

SO 2 –Grow, diversify and partner to increase the value we re-invest into our communities. The principal risks threatening SO2:

- **SO2 –PRINCIPAL RISK 3** - There is a risk that if the Organisation's **VALUE** and contribution is not recognised by system partners this will result in an inability to grow, diversify, and partner.
- **SO2 – PRINCIPAL RISK 4** - There is a risk that we don't build effective and trusted **RELATIONSHIPS** to enable us to grow, diversify and partner.
- **SO2 - PRINCIPAL RISK 5** - There is a risk that the wider **POLITICAL** agenda may impact our ability to grow, diversify and partner.

SO 3 –Build an organisation for the future The principal risks threatening SO3:

- **SO3 - PRINCIPAL RISK 6** - There is a risk that the Organisation's **WORKFORCE** is not sustainable, and we cannot recruit, train and retain skilled and engaged staff needed to build an organisation for the future.
- **SO3 - PRINCIPAL RISK 7** - There is a risk that the organisation will fail to achieve long-term financial sustainability and will not be **ECONOMICALLY VIABLE**

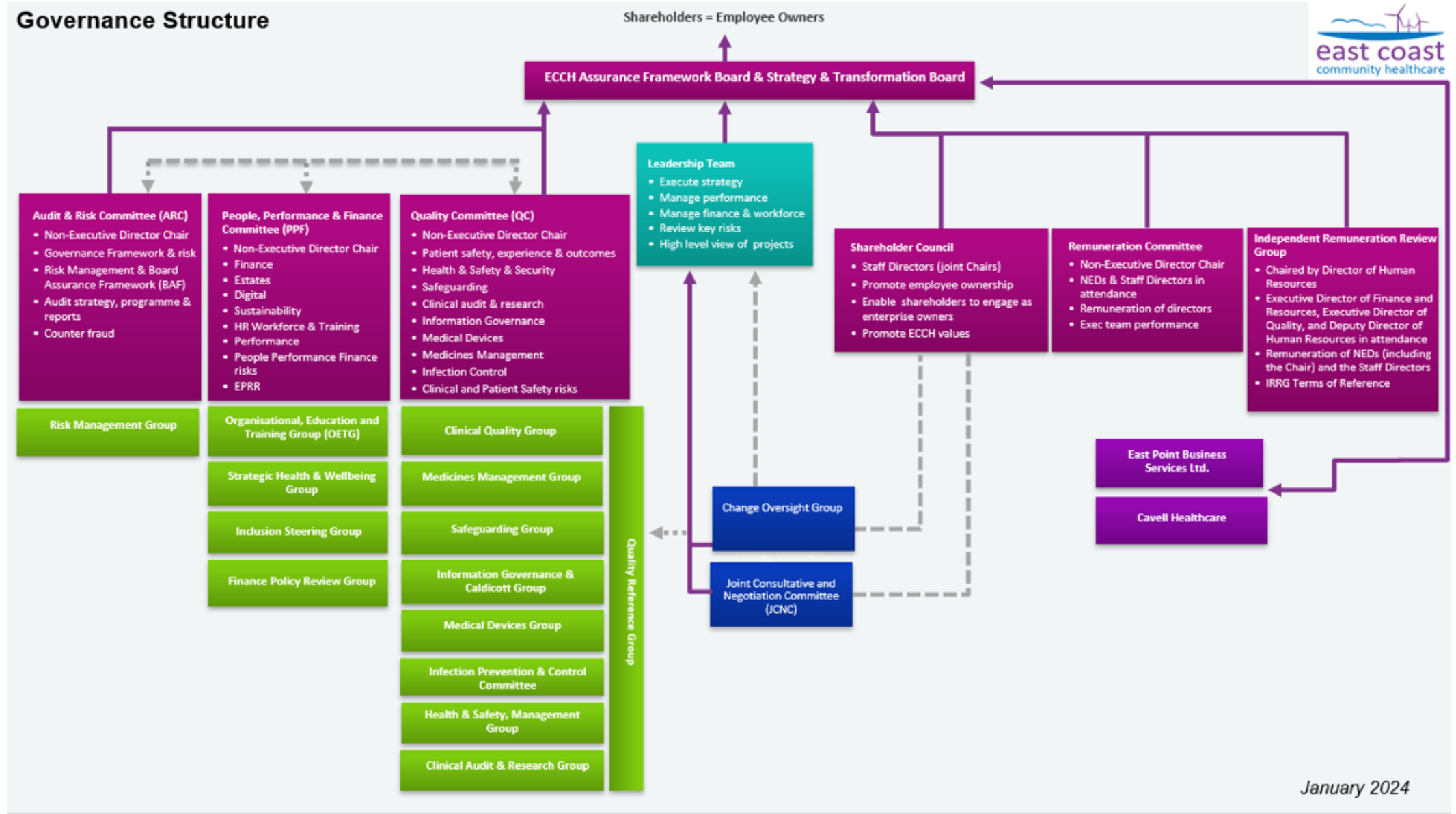
11. Conclusion

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 2023.

Signed: Ian Hutchison, Chief Executive

Date: 02/04/2024

Our Governance Structure



Our Assurance Framework

Assurance Framework

