



# **Annual Governance Statement for Year ended 30 September 2024**

## **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 focused around 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 Great Yarmouth and Waveney 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 77.47% 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 the CEO alongside a panel of staff shareholders. The Chair is responsible for the appointment of the Chief Executive and the Board, and the Chief Executive appoints the Executive Directors. There are four Non-Executive Directors (excluding the chair), seven 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 sub-committee 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 2025 and any outcomes will be reflected upon and implemented to improve the effectiveness of the Board.

## **5.2 Committees of the Board**

Between September 2023 and September 2024, the ECCH Board operated six sub-committees: the Audit & Risk Committee, Quality Committee, People Performance & Finance Committee, Remuneration Committee, and the Independent Remuneration Committee each chaired by a Non-executive Director, and the Shareholder Council, which was chaired by the Staff Directors.

### ***5.2.2.1 Sub Committees of the Board September 2023 – September 2024***

#### ***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 and GP's, 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.

The resilience forum reports into the PPF advising and supporting in the management of Emergency Preparedness, Resilience & Response (EPRR).

#### **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 has 2 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, the Deputy CEO/Executive Director of Finance and Resources, 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 Director of Operations, 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 2024.

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 2024 uptake reported at over 98%.

In the September 2024 internal audit report ECCH was provided an opinion of reasonable assurance from its auditors in relation to the robustness of the Assurance Framework and Risk Management arrangements.

## **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 and processes 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 & Risk 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).
- Robust risk management processes and framework which identifies and manages gaps
- Policy management oversight processes which are under enhancement

### **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 2024 ECCH's training compliance was 95.58%. 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 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 (2023-24) by the June 30<sup>th</sup>, 2024, 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 2024 was produced by the 30<sup>th</sup> June 2024 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 & Risk 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 & Risk 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 and 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 2023/24. The internal audit service was provided by TIAA for the 2023/2024 audit plan, and it was performed in accordance with Public Sector Internal Audit Standards. A total of 5 assurance reports were provided. The internal audit plan was subject to change and evolution throughout the course of the year.

The work of internal audit for 2023/24:

System	Type	Assurance Assessment	Comments
Innovation and New Business Development	Assurance	Reasonable	Final report stage
Medical Device Management	Assurance	Reasonable	Final report stage
Assurance Framework and Risk Management	Assurance	Reasonable	Final report stage
Complaints	Assurance	Reasonable	Final report stage
Absence Management	Assurance	Reasonable	Draft report stage

All audit recommendations are logged and followed up by senior management. TIAA 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.

## Head of Internal Audit Opinion on the Effectiveness of the System of Internal Control for the 2023/24 financial year

The overall opinion of the Head of Internal Audit is that of **Reasonable** assurance can be given and that there is generally a sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.

1. The basis for forming the opinion is as follows:

- i. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
- ii. An assessment of the range of individual opinions arising from risk-based audit assignments, contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

Additional areas of work that may support the opinion will be determined locally but are not required for Department of Health purposes e.g. any reliance that is being placed upon Third Party Assurances.

2. There are no matters to bring to your attention which have had an impact on the Head of Internal Audit Opinion

3. See above table for the summary of completed internal audit work.

### 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 2024.

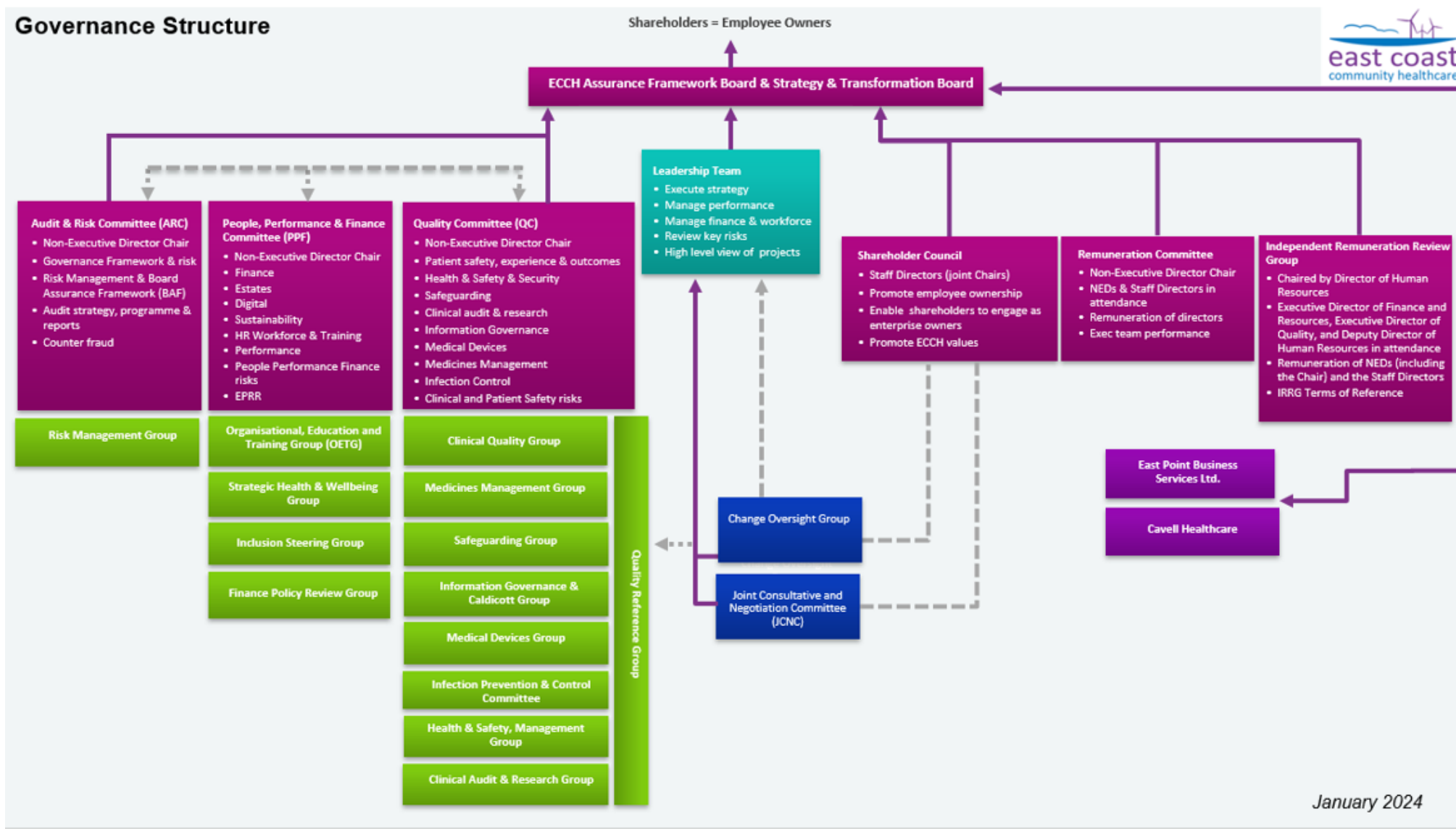


Signed:

Ian Hutchison, Chief Executive

Date: 1<sup>st</sup> April 2025

# Our Governance Structure



# Our Assurance Framework

## Assurance Framework

