

## **Section 172 Statement - Year ended 31 December 2023**

Under Section 172 (1) of the Companies Act 2006 ('s172'), the Board of Directors are required to have regard to the relevant matters set out in S172 (1) (a) to (f). The Board of Directors of Cygnet consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2023.

To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the group board has considered the matters is set out in the s172 statement below.

### **Message from our CEO, Dr Tony Romero:**

"I am proud to look back on our many achievements in 2023, which marked Cygnet's 35<sup>th</sup> anniversary year.

From the number of people we supported, improving our environmental credentials, maintaining our quality with our regulators, investing in our staff and investing £60.7m in capital expenditure, 2023 was a successful year for Cygnet.

We helped many people across the country who, without our services, may not have got the care and support they desperately needed. I am able to reflect on the outstanding work our staff delivered to make a positive difference to the lives of 7,500 individuals who we cared for last year. Our staff give our service users hope of a brighter future and constantly strive to provide high quality, safe person-centred care. We thank our staff for their tremendous dedication and skill.

Our focus on quality has strengthened our reputation and for the second year running, we have outperformed the national average in regulatory ratings. Along with our regulators, the people who commission our services recognise our quality and in the last year we provided care to a record number of people. Our regulators have rated 81% of our services as either "Good" or "Outstanding" and 100% of Cygnet schools within our CAMHS services are rated "Outstanding" by OFSTED.

This helps to demonstrate that we are a trusted partner to the National Health Service and Local Authorities in England, Scotland and Wales. It indicates that the care we provide is valued and it drives us to constantly meet the high standards that we all expect and that those in our care rightfully deserve. Sadly we know that demand for our services is rising, which is why we remain committed to working together to provide the right care, at the right time, in settings that best meet individual needs.

This also extends to how we support the friends and families of our service users. In 2023 we gave more focus to the carers of our service users by launching the Cygnet Carer Network. We also became the first independent provider of health and social care services to achieve Triangle of Care accreditation.

Like other providers, our business has seen the material impact of increasing costs due to inflation and the increases to the National Living Wage (NLW). We continued to invest heavily in our 11,563 staff with 88% of people saying they enjoy working for Cygnet. Our three existing staff networks thrived in 2023 and we also launched a new Disability Network for our staff in October. In 2023 we achieved a reduction in staff turnover, we used less agency workers and improved staff retention.

We want our future leadership positions to be taken by promoting people who are already working with us. We want to develop more of our talent in-house and provide opportunities for our staff to progress with us. Continue to promote the Freedom to Speak Up service as a confidential support service for staff and in 2023 we held our first ever Freedom to Speak Up celebration event which recognised 190 FTSU Ambassadors and was attended by the NHSE's National Guardian's Office

Looking ahead to 2024, our number one priority will be to maintain the quality of our services. We also plan to open several new hospitals and completely modernise existing facilities as part of an extensive investment programme.

With the expansion of our facilities, we will generate employment in our local communities and we are aiming to recruit up to one thousand more people into our workforce around the country.

We will also be progressing our digital transformation programme and our environmental initiatives to ensure we are meeting our targets and commitments to contribute to a greener society.

We believe that by investing in technology and sustainability we can enhance our workforce, reduce our environmental impact and, most importantly, ensure the smooth delivery of our services.

We are proud to be one of the country's leading providers of complex mental health, autism learning disability and social care services in the UK. It is a huge responsibility but one we are privileged to take on every day in the delivery of safe, person-centred care."

### **Principal Activities**

Cygnnet is a leading provider of mental health, autism and learning disability services in the UK. Established in 1988, our 35-year history has seen us build a reputation for delivering quality services and outstanding outcomes for young people and adults.

We provide services in England, Scotland and Wales and our expert and highly dedicated team of more than 11,500 employees enable 150 sites to consistently make a positive difference to their lives.

Cygnnet operates across health and social care. Cygnnet provides a broad coverage of the behavioural health spectrum from Secure, PICU / Acute, Mental Health Rehabilitation and Recovery, Personality Disorder, Children and Adolescents, Eating Disorder, Learning Disabilities, Autism Spectrum Disorder, Neuropsychiatric, Older Adults, Deafness and Mental Health.

Cygnnet is supported by its long term strategic partner Universal Health Services Inc. ("UHS"). UHS is one of the largest and most respected providers of hospital and healthcare services in the USA. Through its subsidiaries, the company operates around 400 facilities across the US, UK & Puerto Rico:

- 27 Acute Care hospitals;
- 333 Behavioural Health inpatient facilities; and
- Nearly 45 outpatient facilities and ambulatory care centres.

UHS helps Cygnnet to focus on investing in the delivery of high quality, value-for-money services. Cygnnet remains focussed on quality and delivering clinically effective shorter lengths of stay with lower episode costs so that our customers receive better value, and service users are rehabilitated faster.

Cygnnet recognises that its most valuable asset is its staff – their health, well-being and career development is crucially important. We fundamentally want to deliver on our vision and mission of

working together in a positive culture of openness, honesty and inclusivity, which includes those who use our services. This means ensuring that everyone's voice is heard and acted upon.

Therefore, we look critically at all aspects of our work and develop long term outcome driven action plans for inclusion, equity and diversity. Not only will this ensure that we deliver services that has zero tolerance to racism, prejudice and discrimination, and that everyone can access the right help they need at the right time, but also, ensure we recruit, support and retain talented people who exemplify our values and feel proud to be part of Cygnet in the delivery of person-centred care.

### **Overview of our Services**

- 1. Learning Disabilities-** expertise in supporting individuals with a learning disability to develop independent skills and to live an active and happy life. We work with them to ensure they have more choice and control in their lives.
- 2. Autism Spectrum Disorder-** delivering the best outcomes for individuals with autism and learning disabilities, who may present with behaviours that challenge.
- 3. Eating Disorder Services-** highly specialised eating disorder services for adults aged over 18, including those with extremely low BMIs.
- 4. Mental Health Services:**
  - PICU & Acute: We offer a national network of urgent admission beds, to meet the acute needs of adults requiring rapid access to mental health services, including those who may need an intensive care environment.
  - Secure: Our nationwide network of low and secure mental health services includes a range of highly specialist services for Deaf service users and individuals with a personality disorder or autism spectrum disorder.
  - Personality Disorder ("PD"): Specialist personality disorder services provide medium secure and low secure, emergency, Tier 4 inpatient, highly specialised personality disorder and dual diagnosis PD and eating disorder services.

The main aim within our mental health rehabilitation and recovery services is to make a positive difference to the lives of our service users by building essential community links and strategies that support re-integration into the wider community through working in partnership with each individual.

We take huge pride in our accreditations:

1. CAMHeleon
2. Headway Approved Provider Accreditation
3. Independent Neurorehabilitation Providers Alliance (INPA)
4. National Autistic Society's Autism Accreditation
5. Accreditation for AIMS Rehab
6. Accreditation for Inpatient Mental Health Services (AIMS)
7. Quality Network for Forensic Mental Health Services (QNFMHS)
8. Quality Network for Inpatient CAMHS (QNIC)
9. Quality Network for Psychiatric Intensive Care Units (QNPICU)
10. STAR Wards
11. Triangle of Care

## **Business Review**

Cygnnet continued to invest its cash flow to fund capital expenditure to maintain its existing sites, to invest in the operational infrastructure, its IT and systems infrastructure, and to develop further capacity. During the last year there was a £24.3m increase in capital expenditure spend to £60.7m.

Cygnnet operates in a highly competitive market. Most competition is based on regional catchment areas and the funding body's procurement initiatives, with the NHS including Integrated Care Boards ("ICBs") and Local Authorities usually being the dominant providers. Our business continues to be supported by strong relationships with customers.

We are pleased to be partnering with our commissioners on working together in new innovative and strategic ways that are mutually beneficial to us both clinically and from an efficiency point of view, but also in a way that puts those in our care first. In 2023, Cygnnet was a partner in multiple Local Provider Collaboratives across England, which focused on the local provision of Adult Secure, Children and Adolescent Mental Health Services ("CAMHS") and eating disorder services.

## **Our Corporate strategic priorities**

Our Strategic priorities are:

- **Service users first:** Putting individuals at the heart of all we do in the delivery of safe, high quality care.
- **Support and help more people:** Providing the right care, at the right time in settings that best meet individual needs.
- **Deliver service excellence:** To be seen as a provider of choice for the delivery of high quality, evidence-based, specialist care.
- **Value and develop our staff:** To recruit and retain talented people who exemplify our values and feel proud to work in a culture that promotes excellence, delivers person-centred care and provides opportunities for everyone to be their best.
- **Innovation for the future:** Showcase innovation and vision, harness technology, deliver our sustainability targets, be a force for good in the communities we serve.

## **Corporate Governance and Clinical Delivery**

Cygnnet is committed to providing high quality care through robust governance that follows the Wates governance framework, which is transparent, accountable and inclusive. Clinical excellence and governance are the foundation of our business meaning we can provide high quality, safe, sustainable services and ensure learning opportunities to constantly improve and excel.

Our central service functions provide support to our corporate, operational and clinical colleagues and organisation to external mechanisms to gain assurance and identify where further support is required. This includes monthly Executive Management Board (thematic) meetings, bi-monthly Executive Management Board (performance) meetings, and quarterly Executive Management Board (governance) meetings.

In 2023, a Communications and Culture Committee was established to support developing a positive and inclusive culture which focuses on engagement with patients, strengthening partnerships with the NHS, improving staff experience and inspiring leadership. Committee meetings take place quarterly alongside Audit and Risk Committee and Clinical Governance and Improvement Committee.

Cygnnet has an Advisory Board, with members having senior experience and expertise to support the Board's Committees. Advisory Board Members are independent and hold non-executive positions, and this is chaired by Cygnnet's Senior Independent non-statutory Director, Professor Lord Patel OBE. It is attended by Mark Stephens CBE, Dame Clare Gerada MBE (Chair of Clinical Governance and Improvement Committee), Sian Jarvis CB (Chair of Communications and Culture Committee) and Ian Brokenshire (Chair of Audit and Risk Committee). Ian's appointment brings with it additional Financial and Commercial Health Care experience to the Advisory Board. The Non-Executive Director role provides the organisation with unbiased perspective and judgment to the board of directors. The Directors and the Advisory Board have a mix of skills and experience, including financial, legal and healthcare. Feedback from each of those committees is fed up through to the Main Board by the Senior Independent non-statutory Director.

The Main Board is chaired by Mr Alan B Miller, Executive Chairman of UHS and attended by UHS colleagues, Cygnnet's Group Chief Executive Officer, Chief Financial Officer and Human Resources Director. Marc Miller, President and Chief Executive Officer of UHS chairs the Remuneration, Nomination and Leadership Committee.

### **Stakeholder Relationship and Engagement**

We meet regularly with our external regulators and stakeholders to improve, progress and innovate. We believe this drive for service excellence sets us apart as sector-leaders, attaining high standards that are reflected in our regulatory ratings, accreditations and outcomes for those who use our services.

From an engagement perspective, Cygnnet invites patients, service user's, relatives and/or carers to attend in person quarterly Executive Management Board (Governance) meetings to present their feedback to members. This is an opportunity for individuals to share their experiences first hand and to discuss positives and negatives directly with Directors. This is reported to the Advisory Board for assurance.

Cygnnet promotes strong relationships with its network of suppliers which are actively managed by our procurement team. This ensures group-wide policies and consistent quality is provided and the robust supplier on boarding process helps manage any third party risk.

### **Our commitment to Service Users**

Cygnnet remains committed to ensuring that our Service Users receive the highest standards of care across each of our sites. Service User experience is at the heart of this, and everything we do at Cygnnet, and we continue to do our utmost to involve our Service Users in shaping their care to ensure we are responsive to their needs. Cygnnet's services provide individuals and their families with compassionate, quality care based on proven therapies and treatments that result in successful, long-term recovery and qualities of life that are recognised among the country's best.

Our People's Council meetings are held locally at site level and provide our Service Users with a forum where they can discuss their experiences with other Service Users and local managers to identify any areas that may require further focus and identify if any themes or hotspots are emerging across the business.

We conduct a number of surveys throughout the year, and gather views of families and carers and use all this valuable data to shape our improvement programmes across the business.

Our Operations team work closely with HR, Clinical and Estates teams to ensure fluid communication and collaboration occurs between departments to deliver the best quality care to our service users.

At Cygnet, employees from all levels of the organisation constantly strive to improve our services. In support of these efforts, progress is continually measured against our goals. Our teams focus on patient satisfaction and we quantify our clinical care. These measures allow Cygnet to benchmark, improve and report on the high-quality care provided.

The Group's overall regulatory scores for Healthcare and Social Care divisions are shown above as at 31 December 2023, and show 81% of sites are rated Good or Outstanding, or equivalent. Cygnet has a partnership with an independent support organisation called the Lived Experience Network (LENS). With the support of our internal Expert by Experience Lead and Co-production team, LENS train, manage and support Experts by Experience ("EbE") who attend sites and strategic activities regularly. In 2023 visits by our EbE continued to increase. The regular visits include general quality checking, capturing feedback, co-chairing Peoples Council meetings as well as supporting a variety of local and group wide initiatives. EbE give feedback, share best practice and lessons learned directly to the group CEO and Group Director of Nursing via the Lived Experience Advisory Board.

### **Our commitment to community and the environment**

Cygnet genuinely values good relationships with people in the local communities where we have services.

Our facilities have an established history as care providers and as supporters of initiatives important to the local community. As an employer of choice, provider of high-quality health and social care services, and value-generating business partner, we are proud to contribute meaningfully to the communities we are privileged to serve.

Cygnet employs more than 11,500 people UK-wide and we bring additional economic and social benefits to the local economies in which our services are based. Where possible we use local produce, resources and suppliers at our facilities to support the local economy and community infrastructure. We support our staff in their local community endeavours including building relationships with local MPs, councillors, businesses, schools, charities, community groups and other residential care services. We actively encourage our staff to play a proactive role in the communities where they work and are proud supporters and sponsors of numerous community initiatives, clubs and groups.

Cygnet is committed to having a positive impact on the environment. We take our responsibility to contribute to a greener society very seriously. Our Sustainability Strategy is a key priority in Cygnet's Strategic Plan 2022-2027. It sets out our aims to achieve:

- Net zero carbon emissions from our direct (own sources) and indirect emissions (other sources) by 2035; and
- Net zero carbon emissions in our supply chain by 2040.

Across the organisation we are pushing forward with a number of initiatives to help achieve our aim of net zero carbon by 2040. From the installation of solar panels, to the reduction of CO2 emissions across our vehicle fleet and waste management solutions at our services, we are making great strides in our environmental commitments.

In 2020 Cygnet introduced vehicle tracking and driver training devices, called 'Lightfoot', in all company-owned vehicles. The devices have had a proven outcome of lowering emissions, saving fuel, reducing accidents and ensuring the safe, comfortable transfer of service users.

Since Lightfoot has been installed, we have reduced CO2 emissions by 164 tonnes across our vehicle fleet.

With 1,500+ drivers across Cygnet, the project has also incentivised drivers to adopt safer, more environmentally-friendly driving styles.

From a pilot across 20 sites, 'Lightfoot' has now been implemented across all 150 Cygnet sites and was shortlisted as a finalist for the Environmental Sustainability Project of the Year at the HSJ Partnership Awards.

From the rich data that Lightfoot provides, Cygnet has been able to confidently replace petrol and diesel vehicles with suitable electric vehicles. Of Cygnet's fleet of 272 owned vehicles, Cygnet has 24 electric vehicles in use.

At the close of 2023 Cygnet completed 20 solar installations. The solar energy generated accounts for approximately one-fifth of the electricity at each of those sites. So far Cygnet generated 906,126.08kWh of our own electricity since the first install in 2022.

In addition to our own solar installation programme, Cygnet has procured a 100% renewable electricity tariff. This means there are no associated carbon emissions from electricity. However location-based grid average emissions have been used to report the emissions figure. All new builds or fit-outs are completed to high environmental standards including solar energy generation, LED lighting, high-efficiency boilers, full insulation and double glazing. All light fittings in existing sites are replaced with suitable LED units when they reach end of life and high efficiency condensing boilers are installed when heating boilers need to be replaced.

Waste recycling across the organisation increased from 16% in 2019, the first year we collected recycling data, to 38% in 2023. This is due to initiatives such as our 'Right size, right shape' project, in partnership with our waste management provider, which monitors the recycling habits across sites and supports greater awareness and action. In 2023, Cygnet facilities also successfully recycled more than 8,063 litres of cooking oil into biodiesel and we continue with the removal of black plastic from our food supplies.

The Co-Sustain initiative empowers service users and staff to take sustainability into their own hands. Through Co-Sustain, we will be working closely with service users, residents and staff to raise awareness of environmental issues, take action and explore creative ways of reducing our carbon footprint across our services.

Cygnet have formed the ESG Steering Group, attended by a cross functional team of senior leaders, convened bi-monthly, this meeting feeds into the: Executive Management Board, Finance and Audit and Risk Committees. The ESG Steering Group encourages key stakeholders to: propose and seek approval of strategic change; update progress of ESG initiatives; and flag any emergent ESG risks and opportunities.

## Our commitment to our people

Cygnnet has an experienced Human Resources (“HR”) department to support our people, including operational HR Business Partners, Employee benefits specialists, a Learning and Development team covering our mandatory and developmental training programmes, and a central On-boarding and Resourcing team who specialise in award winning branding and campaigns, international recruitment, and innovative recruitment strategies.

In 2023 the People and Culture Committee was created to advise and assure the Executive Management Board on all matters relating to staff and workforce planning; and plans to enhance the environment that supports and values staff in order to engage the talent and nurture the leadership capability of individuals and teams working together to drive the desired culture throughout Cygnnet to deliver safer better health and social care.

Our HR strategy includes:

- Ensuring we have the right people in the right roles;
- Having a clear and sustainable recruitment strategy;
- Providing focus on retention of our staff;
- Ensuring our staff are appropriately skilled to undertake their roles safely;
- Having up to date and effective HR processes; and
- Having a clear international recruitment strategy; and
- Having a central on-boarding team.

Our HR Business Partners carry out HR site reviews with service managers regularly. This is a full review of the employee life cycle and includes staffing, turnover, retention, employee relations including disciplinary, grievance, staff welfare, etc.

HR Clinics are conducted every 6 months or more frequently for sites if required. The clinics are an open forum for all staff to speak to HR in confidence about anything they may be experiencing or with queries and for HR to gauge staff morale and take positive action and work with local management on action plans if required.

Cygnnet is committed to hearing our staff voice and ensuring everyone is treated equally, fairly and with respect. The following actions have been taken to ensure Cygnnet have acted fairly between members of the company:

- Provide targeted and relevant staff communications through accessible and interactive platforms;
- Continue to promote the Freedom to Speak Up service as a confidential support service for staff and in 2023 we held our first ever Freedom to Speak Up (“FTSU”) celebration event which recognised 190 FTSU Ambassadors and was attended by the NHSE’s National Guardian’s Office
- Reconvene our Staff Representative Groups (SRGs) to gather and respond to feedback;
- Cygnnet Awards including our annual Cygnnet Staff Achievement Awards held in November 2023 and also, our peer-to-peer recognition and reward scheme, *Characters of Care*;
- Reflecting the diversity of our workforce and those we look after in our leadership and opportunities for progression;
- Implement the Framework for Open Cultures;
- Implement our Equality, Diversity and Inclusion (EDI) strategy with clear objectives to ensure everyone enjoys equal opportunities according to their needs and individual aims; and

- Working with the EDI, Multicultural Network, LGBTQIA+ Network and Women's Network to promote awareness and inclusion so that staff feel more confident in sharing their information.
- In 2023 we also established a new Disability Network for our staff.

Cygnet continues to review our benefits packages and have introduced a number of new features recently and bolstered others. Cygnet benchmarks its approach to pay and reward annually, both across the sector and geographically. We also continue to report on gender pay gap, comparing men and women's average pay across the organisation, provide Work Race Equality statistics and Work Disability Equality Statistics.

In order to obtain staff feedback an annual staff survey is carried out. 2024 saw a response rate of 77% with 91% of employees saying care of our service users is our top priority. A process of reviewing feedback and creating individual, as well as corporate, action plans was undertaken.

Cygnet is very proud to have a first class team of management and staff in our organisation who combine a unique set of skills to drive our business forward. It is the expertise of our people and the culture of passion and commitment that enables us to do such a fantastic job of caring for our service users and improving their lives day by day. We believe in our core values of Care, Respect, Empower, Trust and Integrity.

We would like to take this opportunity to thank all of our staff for their dedication to the business and all the people in our care.

### **People with disabilities**

It is the Group's policy to give fair consideration to the employment needs of people with disabilities and to comply with current legislation with regard to their employment. Wherever practical, we continue to employ and promote the careers of existing employees who become disabled and to consider employment for people with disabilities, subsequent training, career development and promotion on the basis of their aptitudes and abilities. We have also established a new Disability Network for our staff.

### **Key Performance Indicators ('KPIs')**

Cygnet uses a range of financial and non-financial indicators to measure and monitor its progress.

#### **Financial**

These include revenue and statutory profit before tax and profit before tax (excluding separately reported items). Adjusted margins are also considered and reflect the causes for changes in profit, such as changes in occupancy rates.

#### **Non-financial**

We use a variety of Quality KPI's to ascertain our performance and compliance with standards.

A monthly Quality Dashboard by region is produced which summarises performance by unit, this includes occupancy rates, published Regulatory Ratings as well as the Internal Quality Assurance Manager Rating of the service. The Dashboard includes Audit Submissions as well as identifying underperforming audit compliance ratings, Resuscitation Simulations, surveys and results of

Medication Audits. As noted below we have seen progress in our CQC ratings and also a reduction in both staff turnover and agency use.

We continue to work with people who use our services and experts by experience to further enhance our approach to managing complaints and compliments. We have done this through participation in local People's Councils as well as the Co-production Steering Group. We are committed to using complaints as a valuable opportunity to improve our services for the benefit of service users. This year we have further enhanced our Complaints Dashboard and have made it easier for local units to monitor and respond to complaints and compliments.

Staffing KPI's include recruitment of staff, retention of staff, training compliance, employed / agency hourly rate, sick hour's usage and levels of agency.

### **Future prospects**

In line with our five year corporate strategy (2022 – 2027) it is our commitment that we will:

- Continue to maintain and enhance high quality, safe services for children, young people, adults and older people. We want all our services to deliver to the level of our absolute best and provide person-centred care;
- Further expand our provision of mental health and social care services, ensuring we continue to grow and evolve, meeting the demands and needs of service users, their families and those who commission our services. Any extension of our services will be financially sustainable, in line with national policy and supported by a clear operational framework;
- Use data intelligently to drive improvement and foster a culture of continual learning;
- Recognise our staff are our most important asset in the delivery of safe, quality care and create a culture which promotes excellence and provides a fulfilling place for staff to pursue their careers; and
- Demonstrate how we value our workforce through training, development, compassionate leadership, recognition, and responding to their own wellbeing needs.

### **Key risks and uncertainties**

The Group will face many risks and uncertainties from external factors. The following are the most significant risks and uncertainties facing the Group:

#### **Loss of funding**

Cygnnet relies on publicly funded entities in the UK for substantially all of its revenues and the loss or reduction of such funding, or changes in procurement methods, could negatively impact the Company's occupancy rates which could have corresponding material adverse effects.

As a provider with a national footprint across England, Wales and Scotland, and subsequently contracting with most of the ICBs, NHS Provider Collaboratives and NHS England, NHS Trusts, Health Boards, and Local Authorities. Cygnnet has multiple revenue streams, each commissioning entity is responsible for its own budget and commissioning strategy, this affords Cygnnet protection if revenues from a particular commissioning entity reduces.

#### **Competition**

Cygnnet monitors competition closely to ensure that it remains competitive in the market place. Cygnnet manages the risk associated with demand fluctuations by offering diversified services and monitoring demand, converting unused capacity to alternative services when appropriate and in collaboration

with our commissioner's requirements. Cygnet monitors prices charged both internally and externally to ensure that its services are appropriately priced to compete and importantly provide value.

### **Reputational risk**

Reputational risk is the risk arising from adverse publicity, including regulatory standings (see below). Cygnet believes this is only likely to occur in relation to poor customer and/or service user care and has multi-layered systems to help prevent the risk occurring and manage any challenges arising.

### **Regulatory risk**

Regulatory risk is the risk arising from adverse regulatory inspections, or employees failing to adhere to Cygnet's policies and procedures. All themes and trends arising from regulator inspection reports are disseminated and action planning for improvements is shared across the group for learning purposes and to confirm Board Assurance. Health and Safety regulations are reviewed and internal policies, procedures and training updated in line with those regulations.

The Group engages in clinical audit, internal audit of systems, controls and continuous monitoring of performance of employees and customer and service user satisfaction.

Cygnet has an external whistleblowing phone line to ensure that any concerns felt by staff, can be assured of a full hearing and action as a consequence this is in addition to having a Freedom to Speak Up Guardian ("FTSU") and Staff Representative Groups across our services.

### **Inflationary risk**

Cygnet is monitoring cost increases closely and is currently seeing high cost inflation in the majority of products and services purchased. In order to manage this risk Cygnet is working with suppliers to fix prices where possible in order to give certainty over future costs.

### **Data risk**

The security and availability of operational data is essential and system security hardware and software are used to achieve this.

Cygnet takes its data protection responsibilities very seriously and is committed to operating within the necessary regulatory boundaries of the data protection legislation. Cygnet is aware of the requirements and is keeping its data protection and governance practices up to date accordingly.

Cygnet continued to invest its cash flow in operational infrastructure, IT and systems infrastructure.

### **Climate risk**

Climate-related risks have been identified as an emerging risk. This includes physical risks which are either event-driven such as heatwaves and droughts or chronic longer term shifts in climate patterns such as rising sea levels. As well as with transactional risks while we transition towards less polluting, greener solutions, including the effect of legal and regulatory requirements and policy changes.

Cygnet has a Net Zero plan which is reported at the Executive Level. A Sustainable Care Strategy is in development to establish what opportunities will be identified and utilised to further sustainability within the organisation, such as recycling initiatives and waste reduction. This framework supports the Net Zero goal by examining how not only we can reduce our direct carbon emissions, but also our indirect ones, whilst maintaining the Cygnet Values.