

# Annual Governance Statement 2020/21

## 1. Introduction

Solihull Metropolitan Borough Council has a vision for a borough “where everyone has an equal chance to be healthier, happier, safer and prosperous through growth that creates opportunities for all”. This vision is supported by its Council Plan which details how the council will meet its key priorities and address any challenges and opportunities that arise in the process. The achievement of these priorities and delivery of the council’s vision is supported by a robust governance framework that has been in place for many years.

The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement. The published AGS provides an open and honest self-assessment of Solihull Metropolitan Borough Council’s governance arrangements across all its activities, with a clear statement of the actions taken or required to address any identified areas of concern.

The Statement covers the Council’s significant corporate systems, processes, and controls, including in particular, those designed to ensure that:

- Laws and regulations are complied with;
- Council policies are implemented in practice;
- Required processes are adhered to;
- High quality services are delivered efficiently and effectively;
- The Council’s values and ethical standards are met;
- Performance and financial statements and other published information are accurate and reliable;
- Human, financial, and other resources are managed efficiently and effectively.

During 2020/21, some of the key tangible outcomes associated with having effective governance arrangements include:

- No significant breaches of the law;
- External Audit issued an unqualified opinion on the latest financial statements;
- The Council maintained its good track record of managing within tight financial constraints and achieving savings;
- Agile and effective response to challenges posed by the pandemic; the council continued to provide statutory services to the community and help those most in need despite the disruptions caused to the usual way of working due to the Covid-19 pandemic.

## 2. Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The Council also has a duty to put in place proper arrangements for the governance of its affairs, and the effective discharge of its functions to secure continuous improvement and the management of significant risks.

To demonstrate commitment to achieving good governance, the Council has embedded good governance principles in its constitution, policies and procedures, as well as adopting a Local Code of Corporate Governance. The Accounts and Audit (England) Regulations require the Council to prepare an AGS which must accompany the Statement of Accounts.

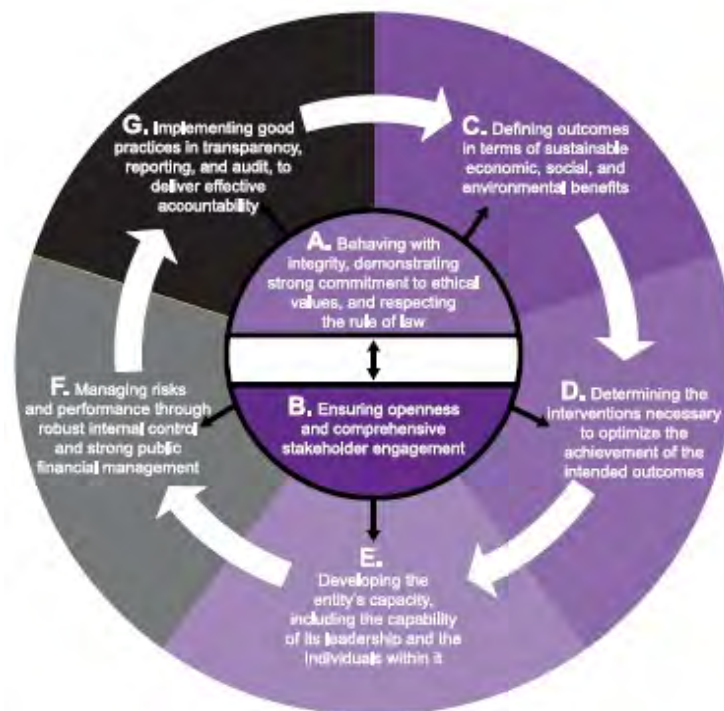
The AGS is endorsed by the Audit Committee prior to its approval by the Governance Committee. Once approved, it is signed by the Leader and Chief Executive of the Council before being published on the Council's website.

### 3. The Purpose of the Governance Framework

Each local Council operates a governance framework that brings together a set of legislative requirements, governance principles, corporate strategies and policies, systems, management processes, culture and values. The quality of these arrangements underpins the level of trust in public services and is fundamental to the Council's statutory and democratic obligations. A framework of good governance allows the Council to be clear about how it discharges its responsibilities.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a tolerable level. However, it cannot eliminate all risk and can therefore only demonstrate reasonable assurance of effectiveness. The management of risk is an ongoing process designed to identify and prioritise the risks associated with the achievement of the Council's policies, aims, and objectives, to evaluate the likelihood of those risks and to manage their impact should they happen.

A robust governance framework has been in place for a number of years, and in particular for the year ended 31st March 2021. This is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). The Code is based on the following principles.



Extract from CIPFA/SOLACE 'Delivering Good Governance in Local Government'

#### 4. The Governance Framework

The Local Code of Corporate Governance is a statement of the Council's commitment to have an effective governance framework. The Code describes the core principles that underpin the governance framework, including how the Council:

- Upholds high standards of conduct and behaviour;
- Engages with local people and stakeholders to ensure robust public accountability;
- Creates and implements a vision for the local area;
- Determines the interventions necessary to optimise the achievement of outcomes;
- Develops the capacity and capability of members and officers to be effective;
- Takes informed and transparent decisions that are subject to effective scrutiny and risk management;
- Has members and officers that work together to achieve a common purpose.

The following details the systems, policies and procedures that the Council had in place during the year ended 31st March 2021 to meet these principles.

##### **Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

**Rationale:** Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.

To demonstrate its commitment to achieving good governance, Solihull Council has:

- A Local Code of Corporate Governance.
- A culture of behaviour based on shared values (known as the Council brand of being 'Open, Honest, Clear, Approachable and Keeping its Promises') and good conduct in line with the Code of Conduct for Councillors, Code of Employee Conduct, Resolution Policy, Whistleblowing Policy, Anti Money Laundering Policy, Counter Fraud and Corruption Strategy and Prevention of Bribery Policy.
- A process for considering any complaint that a Councillor has breached the Councillor Code of Conduct.
- An Equal Opportunities Policy Statement, a published equality objective and annual equality information reports on services and employees describing how the Council has complied with its public sector duties under the Equality Act 2010, as well as a process for taking 'due regard' which includes Fair Treatment Assessments and an equalities consideration section within Member reports.

## **Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

**Rationale:** Local government is run for the public; good organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

To demonstrate its commitment to achieving good governance, Solihull Council has:

- Agreed role definitions for Councillors, which support accountability by providing transparency and clarity.
- A Petition Scheme.
- An active role in the work of Solihull's Local Safeguarding Children Partnership and Safeguarding Adults Board.
- A Corporate Complaints and Compliments Policy and Procedure and an annual report detailing all complaint and compliment activity.
- A Customer Strategy which provides direction and clarity about how the Council plans to enable customers to interact with it.
- A Solihull Connect service which provides customers with advice, information, and access to services by providing walk in centres (closed during Covid restrictions), a telephone and email contact centre, social media channels and a range of digital access channels including our website.
- A Communications Strategy which includes a forward plan of all communication activity.
- A 'Stay Connected' email alert service which keeps customers connected to and informed about Council services.
- Weekly message from the Leader of the council published on the council website.
- *Local communication of key Covid-19 messages through our Community Champions and Public Engagement Team*
- Regular and targeted communications around Covid-19 for stakeholders including staff, members, residents, schools and partners through various channels e.g. *social media, directorate based messages, regular meetings and briefing sessions*
- Regular emails from the Chief Executive to all council employees on diverse local and national issues and the council's response to them.
- Regular employee surveys and shaping of a blended working approach based on employee feedback.

## **Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

**Rationale:** The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.

To demonstrate its commitment to achieving good governance, Solihull Council has:

- A Council Plan setting out strategic priorities and an overall strategic direction to 2025.
- A Solihull Connected Delivery Plan which sets out the future direction for investment in our transport system.
- A Procurement Strategy, Rules for Contracts and a Procurement Board which approves the appropriate procurement route for all significant expenditure.
- A Social Value Policy which includes the requirement for all tenders and requests for quotes to include consideration of Social Value.
- A Sustainability and Transformation Plan delivered through the Birmingham and Solihull STP, to find the most effective ways to manage the health and care needs of our population within available resources and provide high quality, sustainable care for the future.
- A Solihull Health and Wellbeing Strategy which utilises a life course approach and outlines our key priorities on how we will improve the health and wellbeing of the population of Solihull.

- A Local Plan which sets out a range of policies that are designed to promote sustainable development.
- A Climate Change declaration approved by the full council, supported by the Council's Climate Change Prospectus which is our roadmap to delivering greater sustainability.
- A Clean Air Strategy which sets out our clear commitment to improving air quality and the specific actions that we will take to achieve our ambition for cleaner air across our borough.

### **Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Rationale:** Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved.

To demonstrate its commitment to good governance, Solihull Council has:

- Developed a high level basket of performance measures to track progress against the delivery of key areas of Council activity.
- Arrangements in place to ensure that progress made against the Council Plan is regularly reported.
- Developed a 'Living with Covid' roadmap which is a practical framework to help us and partners work out the key planning and delivery decisions needed to navigate the uncertainty of living with Covid-19.
- Developed a Medium Term Financial Strategy which is designed to help provide a stable financial base from which to deliver the Council's priorities.
- Worked with partners, providers and contractors to develop awareness and a common understanding of the Council's expectations on risk management.
- A Decision Making protocol which sets out how decisions are made to ensure that these are efficient, transparent, and accountable to local people.
- A Calendar of dates of all upcoming Council, Cabinet, Scrutiny and other committee meetings and forward plans which list the key-decisions that are planned to be made.
- Arrangements in place to publish the annual External Audit report.

### **Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**Rationale:** Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods.

To demonstrate its commitment to good governance, Solihull Council has:

- Robust recruitment and selection processes and induction programmes for new employees.
- An induction programme for newly elected Members and opportunities for longer serving Members to update their training and skills.
- A programme of monthly 1 to 1's and annual performance and development reviews to measure individual performance targets and identify further development opportunities, with pay progression related to performance.
- A Manager's Handbook which outlines fundamental information and forms an integral part of key managerial responsibilities and performance objectives.
- A Pay Policy that sets out the Council's approach to pay.
- An agreed Constitution that sets out roles and responsibilities, decision making and financial management arrangements.

- A protocol and guidance to assist both members and officers to work effectively together.
- A member structure that includes a Leader of the Council and a Cabinet; Scrutiny Boards that check and monitor what the Cabinet does; a Remuneration Committee to deal with terms and conditions of staff appointments; a Governance Committee to deal with constitutional matters, promote and maintain high standards of conduct by councillors, co-opted members, parish and town councillors; a Planning Committee to determine planning applications and consider planning policies; a Licensing Committee to deal with all aspects of the Licensing Act.
- Within the Scrutiny arrangements, a facility for decisions to be “called in” by Members.
- A management structure that includes a Chief Executive (also known as the Head of Paid Service); a Corporate Leadership Team whose membership comprises of the Chief Executive, a Director of Resources and Deputy Chief Executive and the Directors of Public Health and Skills, Adult Care and Support, Children’s Services, and Economy and Infrastructure.
- An Assistant Directors Group whose membership comprises of the Assistant Directors of Finance & Property Services, Business Systems, Growth & Development, Highways & Environment, Communities & Partnerships, Children, Young People & Families, Inclusion & SEND, Adult Care & Support, Commissioning and Public Health.

### **Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes.

To demonstrate its commitment to good governance, Solihull Council has:

- Arrangements in place to ensure effective and transparent decision making by:
  - holding meetings in public (including webcasting certain meetings) unless there are good reasons for confidentiality
  - providing the public with an opportunity to ask questions or make representations at full Council, Cabinet and Regulatory Committees
  - publishing a Forward Plan of Key Decisions as well as agendas and minuted decisions
  - maintaining an effective scrutiny function to provide constructive challenge, determine whether decisions follow the agreed process, are in accordance with the Council’s policy framework and within approved budget
  - engaging with the public through the planning process.
- An Audit Committee which includes independent and elected members.
- An Internal Audit function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives.
- A Risk Management Policy that includes both strategic and operational risk management, regular reporting to the Corporate Leadership Team and Audit Committee and publication of high level risks online.
- Whistle-blowing arrangements and a complaints process for dealing with complaints in an effective, transparent and accessible way.
- A Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request.

## **Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**Rationale:** Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.

To demonstrate its commitment to good governance, Solihull Council has:

- Produced an Accounting Statement which includes our external auditor's independent opinion and all of the Council's financial statements.
- Produced an Annual Governance Statement which details the Council's system of "internal control" (i.e. the policies, processes, tasks, behaviours and other aspects of the organisation) and our commitment to achieving good governance.
- Published agendas, minutes and decisions as well as the criteria, rationale and considerations on which decisions are based.
- An effective internal audit service with direct access to Members in place, providing assurance with regard to governance arrangements and monitoring the audit recommendation tracker to ensure that they are acted upon.
- Committed to continuous improvement and has embraced sector led improvements. For example, Solihull is active in the Association of Directors of Public Health, the Association of Directors of Children's Services and the Association of Directors of Adult Social Services.
- Published information online in accordance with the Local Government Transparency Code 2015.
- Continued to be a constituent member of the West Midlands Combined Authority.

## **5. Review of Effectiveness**

The Council is required to undertake at least annually, a review of the effectiveness of its governance framework, including the system of internal control. Accordingly, the Council has developed a methodology for reviewing its framework and producing this Annual Governance Statement. This methodology accords with proper practice and is co-ordinated by the Governance and Risk Management Advisor. The outcomes of the review are considered by the Chief Executive with support from the relevant statutory officers, Audit Committee and Governance Committee (who approve the final Statement). Once approved, the Annual Governance Statement is published alongside the Statement of Accounts.

The following describes the process that has been applied in maintaining and reviewing the effectiveness of the governance framework, in particular assurances gathered from:

- Full Council (the authority)
- Cabinet Members (the executive)
- Scrutiny Boards
- Audit Committee
- Governance Committee
- Director of Resources and Deputy Chief Executive (the Chief Financial Officer and Section 151 Officer)
- The Head of Legal and Democratic Services (the Monitoring Officer)
- The Solicitor to the Council
- Management
- Internal Audit
- Risk, Performance, and Information Governance Arrangements
- Financial Management
- Equality Management
- Health and Safety
- Customer Feedback
- External Audit
- External Inspections and Peer Challenges

### **5.1 Assurance from Members**

#### **5.1.1 Full Council**

The Council consists of 51 councillors who are elected by the local community. In terms of reviewing the governance framework and producing this Annual Governance Statement, during 2020/21, the full Council:

- a) approved the Council Plan 2020-2025;
- b) approved the Council budget for 2021/22, the Medium Term Financial Strategy and the Capital Strategy;
- c) approved the Members' Allowances Scheme for 2020-21 and 2021-22;
- d) approved the Council's Pay Policy Statement;
- e) approved the Statement of Licensing Policy;
- f) approved the proposed carbon budget detailed in the report to the Budget Strategy Group;
- g) approved the Council's Council Tax Reduction Scheme for 2021/22;
- h) approved the Treasury Management Outturn 2019/20 report;
- i) approved the Treasury Management Strategy 2021/22 to 2030/31 including the Debt and Investment Strategy and Treasury and Prudential indicators contained within;



- j) approved the Minimum Revenue Provision (MRP) Policy Statement contained within the Corporate Capital Strategy 2021/22 to 2030/31;
- k) approved a loan facility to BAHL on commercial market terms up to the value of £3.7 million, under Section 8.9 of the Council's Treasury Management Strategy;
- l) were advised of the main decisions taken at the Portfolio Holders Decision Sessions and Cabinet Meetings;
- m) received the minutes of Scrutiny Boards as well as from the Audit, Governance, and Licensing Committees and the HS2 Implementation Advisory Group;
- n) received various petitions on behalf of local residents, and deputations from members of the public wishing to address the Council;
- o) made appointments to various boards and committees;
- p) received Annual Reports and updates from the Local Safeguarding Children Partnership (LSCP) and West Midlands Fire Service.

### **5.1.2 Cabinet Members**

The Cabinet is an executive group responsible for the overall business of the council. In terms of reviewing the governance framework and producing this Annual Governance Statement, during 2020/21, Cabinet:

- a) received regular reports on the Council's financial position including the overall Covid-19 financial position, and given the size of the Council, External Audit have confirmed that reporting is at an appropriate level of detail;
- b) received the annual risk management report and various other performance reports;
- c) approved the contribution of grants in relation to additional business rates reliefs to the Business Rates Timing Reserve;
- d) approved the UK Central Urban Growth Company (UGC) Business Plan for the period 2020-2021;
- e) approved the Solihull cycling and walking strategy;
- f) received updates on applications to funding bodies that support the council's priorities;
- g) approved in principle the acquisition of land by the Council by negotiation to support the delivery of new sports hubs in Solihull;
- h) approved financial support to fund local interventions and activities in towns and local centres which align with the Council's Economic Recovery Plan;
- i) approved the adoption of the Solihull Town Centre Masterplan;
- j) approved allocation of funds to support the blended approach to working as defined in the Smarter Ways of Working Strategy;
- k) approved the publication of the Infrastructure Funding Statement (IFS) for 2019/20;
- l) approved the revised corporate capital programme and Housing Revenue Account (HRA) capital programme for 2020/21;
- m) approved the Dedicated Schools Grant (DSG) Recovery Plan;
- n) approved the Property Investment Strategy;
- o) agreed to the adoption of the Shirley Economic Growth Plan;
- p) approved the public consultation on the Net Zero Solihull Green Paper;
- q) approved development and delivery of a Holiday Activity and Food Programme for eligible families in the Borough;
- r) approved the delivery and funding strategy for Kingshurst Village Centre masterplan.

### **5.1.3 Scrutiny Boards**

The decisions of the Cabinet are subject to scrutiny by a different group of councillors. In terms of reviewing the governance framework and producing this Annual Governance Statement,

during 2020/21, Scrutiny Boards met regularly to monitor the work of Cabinet, to provide policy development support and to monitor the Council's performance against its stated objectives.

#### **5.1.4 Audit Committee**

Audit Committee provide independent, effective assurance about the adequacy of the Council's governance environment. In terms of reviewing the governance framework and producing this Annual Governance Statement, during 2020/21, the Audit Committee:

- a) received the Council's Annual Governance Statement Report;
- b) received regular updates from the Council's External Auditors;
- c) received monitoring reports on aspects of internal control, treasury management, and risk management;
- d) received regular reports on the work undertaken by Internal Audit;
- e) received an update on the Council's progress towards compliance with the CIPFA Financial Management Code;
- f) considered the annual audit letter.

#### **5.1.5 Governance Committee**

Governance Committee is responsible for promoting and maintaining high standards of conduct by councillors, co-opted members, parish and town councillors. In terms of reviewing the governance framework and producing this Annual Governance Statement, during 2020/21, Governance Committee:

- a) approved the final Statement of Accounts for 2019/20;
- b) approved the Annual Governance Statement for 2019/20;
- c) reviewed and agreed the revised Financial Regulations and other associated guidance documents;
- d) approved the programme of induction training for newly elected Councillors in 2021;
- e) approved an update to the Council's Constitutional Standing Orders to reflect current practice;
- f) Received an annual update on the use of RIPA powers.

During 2020-21, 15 Code of Conduct complaints have been received about members of Solihull Metropolitan Borough Council. None of the complaints were referred for formal investigation because no evidence of a potential breach of the Code of Conduct was provided.

8 Code of Conduct complaints relating to Parish Councillors have been received, all of which have been closed down without formal action due either to lack of evidence of a potential breach or to being insufficiently serious to warrant formal action.

#### **5.2 Assurance from the Director of Resources and Deputy Chief Executive (the Chief Financial Officer and Section 151 Officer) and the Head of Legal and Democratic Services (The Monitoring Officer)**

The statutory functions undertaken by these two officers ensures legality, financial prudence and transparency, providing a key source of assurance that the systems and procedures of internal control are effective, efficient and are complied with. Both officers are involved in the production of this Annual Governance Statement and provide individual assurances that it accurately describes the Council's governance environment.

### **5.3 The Role of the Chief Financial Officer**

At Solihull Council the Chief Financial Officer is the Director of Resources and Deputy Chief Executive. A desktop review of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) was completed during 2016/17. The review concluded that the core requirements, personal skills and professional standards matched the overall profile of the Council's current Chief Financial Officer. This assessment remains valid for 2020/21 as there have been no changes to the postholder.

The new CIPFA Financial Management Code (FM Code) reaffirms that the role of the Chief Financial Officer is through compliance with the separate CIPFA statement mentioned above, which has been reviewed as part of the overall assessment of our compliance with the new CIPFA FM Code and our conclusions around compliance remain valid for 2020/21.

### **5.4 Assurance from Management**

Individual Directors, Heads of Service and Managers have provided appropriate assurance that the Council has effective governance arrangements in place but have identified that some operational actions are needed to improve the Council's overall internal control environment. As a result, an action plan has been developed and progress to implement the required improvements will be monitored.

### **5.5 Other Internal Assurance**

#### **5.5.1 Audit Services**

The Council's internal audit arrangements are reviewed annually and considered to be effective for 2020/21, conforming to the requirements of the Public Sector Internal Audit Standards which includes CIPFA's Statement on the role of the Head of Internal Audit. The Head of Audit Services works closely with the Audit Committee and the Corporate Leadership Team to provide regular updates on work performed, including the Council's counter-fraud initiatives. An Annual Report of all work undertaken by the Council's Audit Services is presented to the Audit Committee each year.

In conclusion and taking into account all available evidence, Internal Audit has independently rated the standard of internal control in operation across the Council as offering moderate assurance. This means that the control framework is adequate, but a number of controls are not operating effectively.

The 2021/22 Internal Audit Plan will focus on following up outstanding recommendations to improve internal control.

#### **5.5.2 Risk Management**

The Council's approach to risk management is outlined in its Risk Management Policy. The Council utilises a corporate risk management system to record identified risks and the mitigation that will be taken to manage them. Risks are regularly reviewed and there is an escalation process for the most significant risks, which ensures that senior management and Members are aware of those risks that pose the most serious threat to the Council and how they are being managed.

Regular risk management reports are presented to all Directorate Leadership Teams (DLT's), the Corporate Leadership Team (CLT) and Audit Committee. High level risks and the steps that we are taking to mitigate them are published on the Council's website.

### **5.5.3 Performance Management**

The Council's approach to performance management continues to evolve in response to the changing context nationally and locally. At the highest level, the Council's Priorities are set out within the Council Plan, which is reviewed annually.

The remit of each of the Scrutiny Boards is aligned to the Priorities in the Council Plan and the scrutiny work plan for 20/21 was based around the 9 key things to do in the Council Plan. This places the Council Plan at the heart of scrutiny, enabling the Boards to scrutinise delivery in respect of the key programmes in detail and to inform strategy over the whole year. Overall progress in delivering the Council Plan for 20/21 was scrutinised by the Resources and Delivering Value Scrutiny Board in March 2021 and will be reported in the Council's Annual Report.

Each of the Priorities has a delivery plan which sets out annual delivery tactics. These are cascaded through the organisation using a range of approaches and are combined with directorate level performance reporting arrangements with key measures and feature in individual performance and development appraisal objectives.

In 2020/21, the Council switched to a replacement corporate performance system to record aims, objectives, milestones, performance indicators and the latest performance commentary. This replacement system has more powerful display and analysis capabilities and the Council's performance team is working with Directorates to seek to exploit these capabilities.

The Corporate Leadership Team (CLT) keep their performance arrangements under review and monitor a key business scorecard on a monthly basis. This provides assurance across a whole range of key business process measures, including complaints, information governance, internal audit, risk management, financial management, human resource management and safeguarding. Where an issue is identified, CLT will commission a review to understand the underlying cause and appropriate corrective action. The CLT business scorecard also forms part of the Chief Executive's report to the Leader of the Council.

In 2020/21, new performance scorecards were developed to capture the impact of the Covid-19 Pandemic upon residents / services and also to assess the impact of the Council's response. These scorecards were reported to CLT and to Directorate Leadership Teams as appropriate and shared with Cabinet through regular briefings.

### **5.5.4 Information Governance**

The Council's approach to Information Governance is underpinned by policy, guidance and training. This includes a full suite of policies based upon the information security standard BS ISO/IEC 27002:2013 and mandatory GDPR and Protecting Information training courses which all employees must complete. There are clear management and accountability structures in place, which are outlined in the Council's Information Governance Framework. A recent survey of business areas across the council confirmed all employees continue to have a good understanding of information governance matters in the workplace and where support and training can be obtained from when needed.

The Information Governance Manager, Head of Human Resources and the relevant Assistant Director have responsibility for scrutinising the cause, handling of and response to information security incidents. Each investigation will examine the containment of the incident, the risks

posed, who needs to be notified about the incident and an overall evaluation and response to risks or systemic problems identified. Information security incidents are reported to the Corporate Leadership Team on a monthly basis.

### **5.5.5 Financial Management**

The Council adopts a cash limited approach to its budget and Cabinet Members and Corporate Directors are responsible for ensuring services are delivered within budget.

### **5.5.6 Equalities Framework**

The Council monitors and assesses its effectiveness of systems and strategies in place to advance equality and comply with its duties under the Equality Act 2010. As such:

- There have been no prosecutions or enforcement notices issued against the Council for breach of the Equality Act 2010;
- Annual equality information is published on the Council's internet pages on council services, the workforce and gender pay gap information. The latest information will meet the statutory deadline of the 30<sup>th</sup> March of each year;
- All new employees attend mandatory equality and diversity training as part of their induction and there is mandatory equality and diversity training for all staff that has to be refreshed every 3 years;
- Sessions on equality and diversity are included in the training and development offer for new and existing councillors;
- Equality screening is included as part of the procurement process for organisations providing services to us or on our behalf;
- A process to assess against 'due regard' under the Act is in place for the decision making process.

### **5.5.7 Health and Safety**

An annual health and safety performance report is presented to the Corporate Health and Safety Board, Corporate Leadership Team and the Cabinet Portfolio Holder for Resources. The Report provides an overview of key performance, including the number of reported accidents/incidents, commentary on key aspects of health and safety including legislative updates and looks forward into the next reporting year. As such, the report confirmed that:

- Health and safety arrangements are in place within SMBC, but with some areas of improvement required;
- There have been no regulatory interventions or enforcement action taken against the Council in the last year; however there has been some involvement and advice given by the Health and Safety Executive (HSE);
- Following the government review of building regulations and fire safety, changes to the industry are taking place which will affect SMBC and Solihull Community Housing (SCH) in the future;
- The Council has procured an online health and safety management system to make improvements to the management of reported accidents and incidents at work, risk assessment and audit;
- A corporate health and safety action plan continues to be maintained to help make improvements to the management of health and safety in the organisation. This is monitored by the Corporate Health and Safety Board.

## **5.5.8 Regulation of Investigatory Powers Act (RIPA)**

The Council has a RIPA Policy which outlines the arrangements for undertaking covert surveillance in order to gather evidence of illegal activity and to ensure that it is only undertaken where it complies fully with all applicable laws. Roles and responsibilities are clearly defined and there is a nominated Lead Officer (a Solicitor in Legal Services), Senior Responsible Officer (Director of Resources and Deputy Chief Executive) and Authorising Officer (Head of Audit Services) as stated within the Regulation of Investigatory Powers Act 2000.

RIPA activity will be reported to the Governance Committee on an annual basis and a revised Policy was approved by the Committee in March 2020. No RIPA authorisations were requested in this financial year.

## **5.6 Assurance from Customers**

Overall, 653 complaints were received in 2020/21 which is a decrease of 8.2% compared to the 711 complaints in 2019/20. There was a big decrease in the months of April, May and June which is when the country went into lockdown due to Covid-19. The data will be analysed, and full information provided in the annual report.

The Council also received 1104 compliments in 2020/21, which is a decrease of 13% compared to the 1273 compliments in 2019/20.

Full details of the numbers and reasons for complaints and compliments are published in the Annual Complaints and Compliments report that is expected to be presented to the Resources & Delivering Value Scrutiny Board later in the year.

## **5.7 Assurance from External Inspections**

### **5.7.1 External Audit**

The last "Audit Findings" Report issued by Grant Thornton was presented to both Audit and Governance Committees in September 2020. The Report was positive, did not identify any control weaknesses and made no recommendations for management to consider.

External Audit provided an unqualified opinion on the accounts for the 31st March 2020, concluded that they are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources and gave an unqualified opinion on the Council's Whole of Government Accounts submission.

### **5.7.2 Ofsted**

Ofsted is the Office for Standards in Education, Children's Services and Skills, it inspects:

- Services that care for children and young people;
- Services providing education and skills for learners of all ages;
- Local authorities to find out how well they carry out their statutory duties in relation to schools and other providers.

The most recent inspection was of the Council's services for children in need of help and protection, children in care and care leavers in November 2019. Inspection reports are available on the Ofsted website at [www.ofsted.gov.uk](http://www.ofsted.gov.uk).

The overall judgement was that services require improvement, however the services for children in care and care leavers were judged to be good, which is an improvement from the previous inspection in 2016. The report confirmed that no children were found to be at risk of harm during the inspection and the council's revised approach to early help was a strength.

The areas for improvement identified in the report are being addressed through an action plan which was submitted to Ofsted on 15 April 2020. Due to the impact of Covid-19 and the difficulties of being precise about timescales, Ofsted agreed to accept this as a draft rather than the final version. Members of the Children's Services, Education and Skills Scrutiny Board considered the action plan before its submission at a meeting on 12 March 2020.

Recognising the significant impact of the pandemic during this reporting period there has continued to be a considerable amount of oversight of our Inspecting Local Authority Children's Services (ILACS) Action Plan with work developed and taken forward. External virtual meetings with OFSTED were held in July, November, and January and at the last meeting progress was positively identified as well as the work which remains ongoing, acknowledging the impact of COVID. This has since been confirmed in a letter from the Ofsted Senior HMI for Social Care. In addition to this external scrutiny and our own internal reviews and oversight, it is also to be noted that progress has also been reported upon at the Childrens Services, Education and Skills Scrutiny Boards in September 2020 and more recently in January 2021.

### **5.7.3 Care Quality Commission (CQC)**

The Care Quality Commission (CQC) monitors, inspects and regulates health and social care services to make sure they meet fundamental standards of quality and safety. The CQC publishes performance ratings to help people choose care that is:

1. Safe
2. Effective
3. Caring
4. Responsive
5. Well-led

The latest inspection reports for each home are available on the Council's website at [www.solihull.gov.uk](http://www.solihull.gov.uk) and on the CQC website at [www.cqc.org.uk](http://www.cqc.org.uk)

### **5.7.4 Peer Challenges**

A peer challenge is a supportive but challenging 'critical friend' approach to assist councils and their partners to identify what is going well and where improvements can be made.

There was no Local Government Association led peer challenge in 2020/21 due to the Pandemic. We have, however, continued to consider and implement the recommendations of the corporate peer challenge in January 2020. The Council Plan 2020-25 references the corporate peer challenge and how we have addressed its recommendations in developing the plan.

### **5.7.5 Ombudsman Complaints**

The Local Government and Social Care Ombudsman (LGSCO) provides a complaint handling service to ensure that local public services are accountable to the people that use them and that local authorities put things right when they go wrong. The LGSCO produces an Annual Review Letter in July each year for each council in which it publishes statistics relating to enquiries/complaints made about them to the Ombudsman.

This data is uploaded to an interactive map, which gives people the chance to see how their local authority is performing at the click of a button. The map collates the annual letters the Ombudsman sends to each local authority, how often they have complied with Ombudsman recommendations, the improvements they have agreed to implement, and published decisions all in one place. This can be found at <https://www.lgo.org.uk/your-councils-performance>

During 2020/21, in terms of overall administration, numbers of complaints referred to the Council by the LGSCO decreased by around 13% and were responded to within the timescales agreed with the Ombudsman. All decisions made by the Ombudsman are published on the website at <https://www.lgo.org.uk/decisions>. The number of complaints where the Council have been found at fault during 2020/21 is 6; however, it was determined by the Ombudsman that the Council had already made sufficient local resolution in 3 of these and therefore it made no further recommendations.

## **6. Group Activities**

Where the Council is in a group relationship with another entity to undertake significant activities, the Annual Governance Statement includes a review of the effectiveness of the system of internal control within such group activities. The following describes the group activities for the year ended 31<sup>st</sup> March 2021:

### Coventry and Solihull Waste Disposal Company Ltd (CSWDC)

CSWDC is owned jointly by Coventry City and Solihull Metropolitan Borough Councils. A formal agreement sets out the operating arrangements between the two councils.

The company is subject to the Waste Incineration Directive and the conditions of its Environmental Permit issued by the Environment Agency. The Director of Resources and Deputy Chief Executive is a Non-Executive Director on the CSWDC Board and there is officer and Councillor representation at CSWDC meetings/panels, as required.

The company has appointed Ernst & Young LLP as its auditors. The latest published Annual Report and Financial Statements (for the year ended 31<sup>st</sup> March 2020) and the draft statements submitted (for the year ended 31<sup>st</sup> March 2021) do not highlight any significant control weaknesses.

### Solihull Community Housing (SCH)

SCH is a 'not for profit' company set up and owned by the Council to manage its housing services. A Management Agreement and Annual Delivery Plan sets out the arrangements between SCH and the Council for delivering services and managing performance.

SCH is managed by an independent Management Board, has appointed its own external auditors and is subject to internal review by the Council's own Internal Audit.

SCH produces its own Annual Governance statement and the latest published Statement and the draft accounts submitted (for the year ended 31<sup>st</sup> March 2021) do not highlight any significant control weaknesses.

### Urban Growth Company (UGC)

The UGC is a wholly owned subsidiary of the Council led by a Chairman and a Managing Director, accountable to an Executive Board and Shareholders. The UGC is a special purpose vehicle created to realise the full economic potential of the HS2 Interchange Station and related infrastructure. The UGC will act as a catalyst for growth that will enhance the social and



economic infrastructure of the Hub area of UK Central. The UGC is funded by the Council and the West Midlands Combined Authority.

An overarching Collaboration Agreement sets out the arrangements between the UGC and the Council, with individual Service Level Agreements sitting beneath this. The UGC has appointed Azets as its external auditors.

## 7. Covid-19 Impact

During the year, the Coronavirus pandemic resulted in a nationwide lockdown and an emergency response, which had significant impact on our 'business as usual' service delivery and alternative models being used to continue the delivery of our critical services. This had an impact on the Council's governance arrangements, which can be categorised into the following broad categories:

- Impact on business as usual delivery of services;
- New areas of activity as part of the national response to coronavirus and any governance issues arising;
- The funding of the financial implications and logistical consequences of delivering the local government response;
- Assessment of the long-term disruption and consequences arising from the coronavirus pandemic.

During the lockdown period temporary governance arrangements were approved to enable essential decision making to continue, including:

- Increased delegation of executive powers to authorise the Chief Executive, in emergency situations, to make any Covid-19 related decision that could be made by the Cabinet or a Cabinet Member, for the period up to 30<sup>th</sup> June 2020.
- Increased delegation to the Director of Resources and Deputy Chief Executive to make individual funding decisions up to a level of £250,000 per decision for urgent spending related to Covid-19, for the period up to 30<sup>th</sup> June 2020.

A number of non-critical meetings were cancelled during the early weeks of the lockdown period and arrangements were made for Cabinet members' decisions to be made following an exchange of emails. The Council decided to use a video conferencing system to hold remote meetings during the year.

The Coronavirus Act 2020 introduced changes to Care Act 2014 duties in order to ease pressure on Local Authorities. Full details are available in the national guidance which can be accessed at <https://www.gov.uk/government/publications/coronavirus-covid-19-changes-to-the-care-act-2014/care-act-easements-guidance-for-local-authorities>.

On the 8<sup>th</sup> April 2020, supported by the Cabinet Portfolio Holder decision on 6<sup>th</sup> April, Solihull Adult Care & Support exercised Care Act easements.

In line with the Care Act Easements Guidance, operational teams mapped all existing known community packages for complexity and need, and risk rating in order to establish the high priority cases for action, and potential low priority cases for potential easement of Care Act duties. The application of easements meant that;

- People received a proportionate assessment rather than a detailed Care Act assessment
- Only people with a risk to safety or life were supported
- Some care packages were reduced or suspended; not everyone received a full financial assessment during the Covid-19 period

- Recovery action for contributions to care was suspended

The application of Care Act easements was reviewed by the Director of Adult Social Care on a fortnightly basis and on the 29<sup>th</sup> June 2020, supported by Cabinet Portfolio Holder and opposition spokespeople, easements were ended in response to an improved staffing position and stabilisation of demand.

## **8. Covid-19 Response**

Throughout the pandemic, Solihull's Local Outbreak Management Plan has set the overarching strategy for our local Covid response. This complements the much wider system response that has been implemented to deal with the medical, social and economic impacts of the virus. The goal of the plan is to set out the on-going local response to containing the virus through prevention and outbreak management. Our plan has remained flexible, changing rapidly over the course of the pandemic in response to rising and falling case numbers and the implementation of sub-national restriction and national lockdowns.

The plan is delivered jointly with the regional Health Protection Team (PHE), local 'blue light services' including West Midlands Police and Fire Services, key business sectors and also the full range of council services. The voluntary and community sector and local communities are an essential part of the response with 150 community champions, faith and community leaders and local groups provided a bi-lateral communications channel and vital support to our community resilience across the Borough.

Our tactical response has been led by a borough wide Incident Management Team: as we transition through the pandemic, the response to Covid is being led by our Local Outbreak Management Board with recovery led by a dedicated recovery cell.

The council plan 2020-25 has been refreshed with learning and recovery from the impacts of Covid-19 (Health, Economic, Educational and Social) being a key theme that runs through the plan. A Living with COVID in 2021 Roadmap has been developed which is a practical framework for Solihull, to help the council and its partners work out the key planning and delivery decisions needed to navigate the uncertainty of living with COVID in 2021. This is a living document which is reviewed on a regular basis and is used to help identify any associated risks and opportunities to enable us to develop effective responses.

## **9. Significant Governance Issues**

Using the Council's established risk management approach, "significant" governance issues are those that could potentially lead to one or more of the following impacts:

- avoidable death
- financial implications of more than £250k
- legal action or intervention from a statutory body, partner or enforcement agency
- national media attention, potential Public Interest Report or Judicial Review

In addition, the Council will record details of any service areas where the level of internal control fell below the standards that the Council expects to achieve.

Following completion of the annual review of the Council's governance framework, the action plan below details any governance issues that have been assessed as significant.

## Annual Governance Statement – Action Plan for any Identified Significant Governance Issues

### Issues brought forward from previous year(s):

Identified From	Issue	Description	Responsible Officer(s)	Progress
Internal Audit 2019/20	Limited or No Assurance for the 4 audits listed	<p>There were 9 internal audit reviews undertaken during 2019/20 where the level of internal control fell below the required standard. During 20/21 it was identified whilst undertaking audit follow up work that a number of areas had not made sufficient progress to rescore and therefore remain at their previous 19/20 assurance level for the 20/21 period:</p> <ul style="list-style-type: none"> <li>• Catering</li> <li>• SEND</li> <li>• Children's Education Placements</li> </ul> <p>In addition, the follow up audit review was requested to be delayed by the Head of Service due to resourcing concerns therefore remains at its previous assurance level for 20/21:</p> <ul style="list-style-type: none"> <li>• Purchase Cards</li> </ul> <p>In respect of all areas reviewed where recommendations have been made, responsible officers have given assurances that these will be implemented to improve internal control. Internal Audit has a robust mechanism to follow up all recommendations made and reports the outcome to senior management and the Audit Committee.</p>	Senior Management and Head of Audit Services	<p>Further follow up reviews have been scheduled for 21/22 to ensure improvements in these areas.</p> <p>Implementation of recommendations is monitored through a tracker and overseen by Directorate Leadership Teams.</p>
Covid-19 Pandemic	Response to the impacts of Covid-19	<p>The impact of the Covid-19 pandemic was identified as a net red risk, and mitigated through constant monitoring and controls throughout the year to a lower level of risk, and actions are being taken to try and mitigate the impact of this on the delivery of the Council's services.</p>	Chief Executive	This risk has been kept under constant monitoring and review

Risk Register	West Midlands Combined Authority	<p>Within the Council's corporate risk register, the relationship with the West Midlands Combined Authority is currently rated as a net red risk (high likelihood, high impact). This is because there is currently a funding gap within the Combined Authority's Investment Programme, which means that Solihull's funding requirement for UK Central cannot be fully met.</p> <p>The Director of Resources &amp; Deputy Chief Executive, Director of Economy &amp; Infrastructure and the Managing Director of the Council's Urban Growth Company are working with the Combined Authority to find solutions to the funding gap.</p>	Chief Executive	<p>This remains a net red risk for the Council. Although the funding gap has been closed for the year, solutions are still required for future years.</p> <p>This continues to be closely monitored and is under constant review.</p>
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**Issues identified during 20/21:**

Identified From	Issue	Description	Responsible Officer(s)
Director of Resources & Deputy Chief Executive	Pressures (and financial impact) on Children's Services	Towards the end of 2020/21, it became apparent that the demand pressures (and financial impact) on Children's Services of Covid-19 are much greater than has been included in the Council's planning assumptions and Medium Term Financial Strategy (MTFS). This will need a full review for the next MTFS update.	Director of Resources & Deputy Chief Executive/Director of Children's Services
Director of Resources & Deputy Chief Executive	Need for improvements identified in Audit review	During 2020/21, Audit reviews have been carried out for the implementation of Oracle Cloud and Touchwood Rental income, both which identified the need for improvements in processes/controls. These are being dealt with as a priority by senior members of the Resources Directorate.	Assistant Director (Finance & Property Services)/Assistant Director (Business Systems)/Head of Strategic Land & Property

## **10. Conclusion and Evaluation**

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues including the impacts from Covid-19 and we will monitor their implementation and operation as part of our next annual review.

**Nick Page**  
**Chief Executive**

**Councillor Ian Courts**  
**Leader of the Council**