

Annual Governance Statement 2021/2022

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1. Introduction

Solihull Metropolitan Borough Council has a vision for a borough “where everyone has an equal chance to be healthier, happier, safer and more prosperous through growth that creates opportunities for all”. This vision is supported by the 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.

Each year the Council is required to produce an Annual Governance Statement (AGS) to provide an overview of how the Council’s governance arrangements operate, including how they are reviewed annually to ensure they remain effective. This Statement gives assurances on compliance for the year ending 31 March 2022 and up to the date of approval of the Statement of Accounts and includes 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.

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. This AGS explains how the Council has complied with the Code. The AGS also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

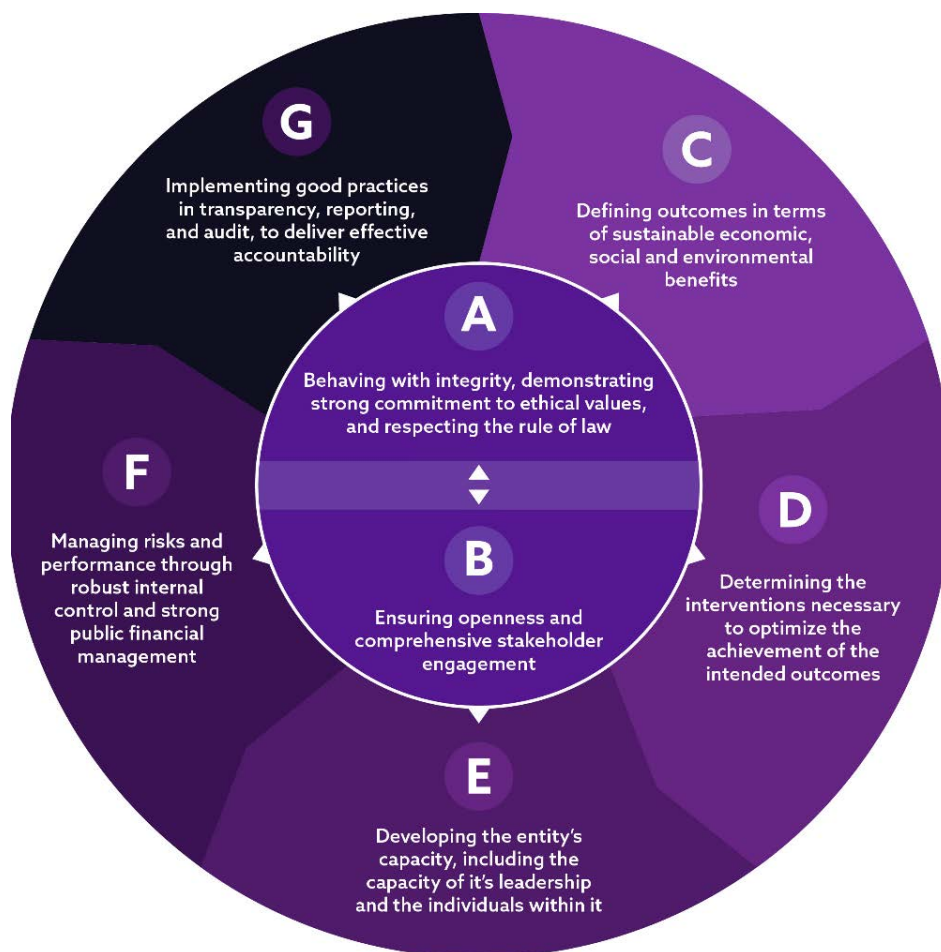
The AGS is endorsed by the Audit Committee prior to its approval by the Governance Committee. Once approved, it is signed by the Leader and Chief Executive of the Council before being published on the Council’s website.

3. The Purpose of the Governance Framework

The 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 2022. This is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016), developed jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). The Code is based on the following principles-



Based on CIPFA/SOLACE 'Delivering Good Governance in Local Government'

4. The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Council operates to a Code of Corporate Governance which is a statement of the Council's commitment to have an effective governance framework and describes the core principles that underpin the governance framework.

The table below includes the Code and examples of how the Council has adhered to its governance commitments set out in the Code during the year ended 31st March 2022 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 Constitution supported by policies to guide and enable Members and Officers to demonstrate a strong commitment to the rule of the law, and adhere to relevant laws and regulations, in line with the Nolan principles
- A well-embedded culture of behaviour based on shared values, known as the Council brand of being 'Open, Honest, Approachable and Keeping its Promises'
- An ethical framework reinforced by 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, with processes in place to report, investigate and act on any breaches
- Robust Audit and Counter Fraud procedures ensures corruption and misuse of power are dealt with effectively
- Decision making processes with built in checks and balances to ensure decisions are taken in line with the Council's values and social and legal implications are fully considered
- 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
- A Procurement Strategy, Rules for Contracts and a Procurement Board which approves the appropriate procurement route for all significant expenditure

Some examples of how the Council met this principle in 2021/22

- No significant breaches of the law;
- External Audit issued an unqualified opinion on the latest financial statements;

- All managers with financial budget responsibilities have been provided with financial management training to enable them to discharge their responsibility and ensure that all expenditure is evidenced, validated and justified
- The Council maintained its good track record of managing within tight financial constraints
- Suitable action taken in cases of any complaints against councillors
- Ethical values reinforced and demonstrated through modelling by the leadership team
- Horizon scanning to understand implications of and compliance to key bills and legislative changes
- Effective management and coordination of multiple grants and funding streams in order to provide the required local outbreak management response during the COVID-19 pandemic.

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 to provide accountability, transparency and clarity
- Scheme of Delegation to enable effective and accountable decision-making
- 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
- Established processes of engaging with the community and other stakeholders on key matters affecting the Council and local communities including;
 - A Petition Scheme
 - 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 Customer Charter which demonstrates a commitment and culture of accessible transparent services
 - A Communications Strategy which includes a forward plan of all communication activity

- A Digital Strategy with a vision to improve everyone's opportunity to engage in a digital way whether in their work or business life (digital economy) or in their social life
- An Equal Opportunities Policy to recognise and value the diversity of our communities and its workforce to enable providing inclusive services that meet the needs of all our service users and be an inclusive employer

Some examples of how the Council met this principle in 2021/22

- Papers (forward plans 28 days in advance for consultation, meeting agenda and decisions) are published on the Council's website to allow for effective scrutiny and challenge
- Council meetings are open to participation and available to view online. A calendar of dates of all upcoming Council, Cabinet, Scrutiny and other committee meetings and forward plans is available on the Council website
- Regular messages from the Leader of the Council published on the Council website and social media
- A 'Stay Connected' email alert service which keeps customers connected to and informed about Council services
- Community engagement sessions in partnership with the voluntary and community sector, community leaders and community champions with the aim of distributing clear health protection messages to inform or advise people during the pandemic with regular changes to advice and government policy
- Greater engagement of service users for co-design and delivery of commissioned services. For example, peer supporter (service user) membership of the management board of Solihull Drug & Alcohol services to make decisions on how services will be delivered locally
- Co-producing our Additional Needs Strategy with parent carers of children and young people with SEND, and those children and young people themselves through various engagement activities in a way suited to participants, and which will provide impact on the work undertaken
- Commissioning Solihull Parent Carer Voice, our strategic parent carer forum partner, to set up a forum for children and young people (Our Voices Heard) so we can continue to develop joint working with our communities
- 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
- An active role in the work of Solihull's Local Safeguarding Children Partnership, Safeguarding Adults Board and the Safer Solihull Partnership to work with other stakeholders in delivering services
- Council has worked with a range of organisations and services to develop a multi-agency approach to welcoming refugees and new communities to the Borough including the Afghan refugee resettlement schemes and Hong Kong British Nationals (Overseas) Welcome Programme

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 which outlines its ambitions and promises to our residents and shows how the Council will use its resources to deliver these
- A Solihull Connected Delivery Plan which sets out the future direction for investment in our transport system
- A Social value policy with a clear process to formally embed Social Value into all procurement processes followed by the Council and to ensure that the Council uses its role as a procurer to deliver inclusive growth in line with the priorities in the Council Plan
- A Solihull Health and Wellbeing Strategy and a Health and Wellbeing Board to provide a forum in which key leaders from the local health and care system work together to improve the health and wellbeing of the local population from pre-birth to end of life
- 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

Some examples of how the Council met this principle in 2021/22

- Recovery plans in place for each town and local centre and short-term actions delivered, including public realm improvements
- Delivery of Health & Wellbeing strategy with leadership and accountability through partnership approach of our Health & Wellbeing Board
- Roll-out of assessment tools to support the ambitions of the Health Inequalities strategy as a tool for officers to systematically address health inequalities and equity-related issues to a programme of work or service and identify what action can be taken to reduce health inequalities and promote equality and inclusion
- Social Value monitored within contracts including the use of the social value portal to capture benefits realised through commissioned services
- In November 2021 the council agreed its Net Zero Action Plan (NZAP), which sets out over 200 necessary actions to achieve the borough's net zero ambitions.
- Solihull has been awarded 'Tree City of the World' status in recognition of its urban tree planting programme
- Received national recognition for the Council's climate action plans and ranked 2nd amongst single tier authorities in the rankings published by Climate Emergency UK.

- Solihull's Habitat and Nature Improvements Project, a three year programme of woodland, grassland, wetland and water quality improvements was delivered across publicly accessible green space within Solihull has won the Chartered Institute of Ecology and Environmental Management (CIEEM) Best Practice – Large-Scale Nature Conservation Award
- Reshaping our Education Service offer to ensure support is provided to children and their families at the earliest opportunity, and responding to the additional challenges some children found in returning to education post lockdown

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 Medium-Term Financial Strategy which is designed to help provide a stable financial base from which to deliver the Council's priorities
- A Decision-Making protocol which sets out how decisions are made to ensure that these are efficient, transparent, and accountable to local people
- Business Continuity plans to ensure the resilience of the organisation to any eventuality and to help ensure continuity of service to key customers
- Arrangements in place to publish the annual External Audit report

Some examples of how the Council met this principle in 2021/22

- A refreshed Council Plan setting the priorities, values, and strategic direction of the Council
- The Council maintains a policy framework to ensure effective delivery of the Council's objectives
- The Council's equality duty was considered when designing and delivering services and developing policies and procedures
- Clear governance map detailing oversight arrangements by the Corporate Leadership Team of key initiatives and processes
- Regular reporting to Scrutiny board and committees
- Rapid Incident Management Team (IMT) meetings throughout the local outbreak management response for efficient, transparent decision making
- An independently chaired, Improving Outcomes for Children in Solihull Board has been established, which has strategic and political membership in place.

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:

- 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 digital strategy to update the Council's ICT capability to support meeting its stated objectives
- An induction programme for newly elected Members and opportunities for longer serving Members to update their training and skills
- Robust recruitment and selection processes and induction programmes for new employees and followed up by 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 Pay Policy that sets out the Council's approach to pay
- 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
- A robust process for decision making and within the scrutiny arrangements, a facility for decisions to be "called in" by Members

Some examples of how the Council met this principle in 2021/22

- Assurance that the Manager's Handbook, which outlines fundamental information and forms an integral part of key managerial responsibilities and performance objectives was followed
- Training to develop managers to confidently address the wellbeing of their teams and new wellbeing behaviours integrated into the Performance and Development Review Framework
- Roll out of new digital solutions including Microsoft 365, Oracle Cloud and various interventions to support the smarter ways of working (hybrid working approach) to meet current and future business needs
- 'Teams of teams' approach to deliver the local outbreak management plan at pace, and an agreement in principle to continue adoption of this system working approach to accelerate priority work in other areas of business as a positive lesson learnt from the pandemic

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:

- 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 and established processes for identifying, managing and mitigating key strategic and operational risks, regular reporting to the Corporate Leadership Team and Audit Committee and publication of high-level risks online
- A well-defined leadership and governance structure to ensure oversight, peer support and challenge and appropriate actions to support achievement of Council objectives;
 - A Corporate Leadership Team (CLT) is made up of the Chief Executive (Head of Paid Service) and the Council's Directors to provide strategic leadership and direction to the organisation in delivering the Council's Vision, Purpose and Ambition
 - An Assistant Directors Group to lead the Council's operational delivery.
 - Directorate and senior leadership teams, project and programme boards to enable robust control through timely monitoring of performance and management of risks
- Whistle-blowing arrangements and a complaints process for dealing with complaints in an effective, transparent and accessible way

Some examples of how the Council met this principle in 2021/22

- Significant risks were identified and recorded and managed and monitored at a suitable level based on risk profile
- Action plans developed to integrate Health and Safety into service planning, action plans and day to day decision making
- Audit Committee were provided with regular updates on corporate risks and internal audit reports for areas with low assurance with updates provided in areas of concern
- A standardised approach to programme and project management, following standard methodologies, which ensures that projects have appropriate challenge, capacity, and delivery plans to achieve their goals

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:

- An Accounting Statement which includes our external auditor's independent opinion and all the Council's financial statements
- 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
- 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
- A robust decision making process that is open and transparent
- A Corporate Leadership Team that drives improvement, innovation, quality and consistency through regular oversight of key corporate processes and performance.

Some examples of how the Council met this principle in 2021/22

- Effective Audit Committee that provides a source of assurance and complies with guidance
- The Council demonstrates its commitment to openness by producing a suite of reports including an annual report covering the performance of the Council, value for money and stewardship of resources
- Published agendas, minutes and decisions as well as the criteria, rationale and considerations on which decisions are based
- Published information online in accordance with the Local Government Transparency Code 2015

5. Review of Effectiveness

The Council reviews the effectiveness of its governance framework regularly to ensure these arrangements are effective now and remain fit for purpose for the future. This is driven by the Directorate Leadership teams, the Corporate Leadership team, Internal Audit, External Auditors and other external review agencies. Proportionate oversight and governance arrangements have been put in place for arm's length bodies.

The Council also undertakes annually, a review of the effectiveness of its governance framework, including the system of internal control. The Council has developed a methodology for reviewing its governance 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.

As well as providing overall assurance about the Council's governance arrangements, the methodology identifies any processes or areas where governance needs to be strengthened and this is translated into action plans for each Directorate.

The section below details some of the key assurances received during the year 2021-22.

5.1 Assurance from Members and Boards

Information on the agenda, minutes and decisions taken by the Full Council and the Committees detailed below are published on the [Council website](#).

5.1.1 Full Council

The Council consists of 51 Councillors who are elected by the local community. The full Council approved all key policies and set the strategic direction for the Council.

5.1.2 Cabinet Members

The Cabinet is an executive group responsible for the overall business of the Council. The Cabinet met collectively in public on a monthly basis, to make decisions in line with the Council's overall policies and budget.

5.1.3 Scrutiny Boards

The decisions of the Cabinet are subject to scrutiny by a different group of councillors. 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. The Audit Committee met regularly and received reports on the adequacy of the risk management framework and the internal control environment. They also had oversight of the financial reporting and annual governance processes.

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.

Compliance with the Code of Conduct for Councillors is monitored by the number of complaints received by the Monitoring Officer.

There have been 13 cases of complaints about Members of Solihull MBC during 2021/22. 11 of these were dealt with by the Monitoring Officer without the referral for formal investigation on the basis that no evidence of a breach of the Code of Conduct was presented. Two cases have been carried over into 2022-23.

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

The Chief Finance Officer is responsible for the development and maintenance of the Council's governance, risk, and control framework, ensuring lawfulness and financial prudence of decision-making and the proper administration of financial affairs, in accordance with Section 151 of the Local Government Act 1972.

These responsibilities have been considered within the context of this Statement and the Chief Finance Officer can confirm that for 2021/22, the Council's arrangements satisfied his responsibilities under Section 151 of the Local Government Act 1972 and that the Council continues to comply with the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016).

There has been no change in the post-holder during 2021/22.

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 Opinion of the Head of Audit Services

The Council's internal audit arrangements are reviewed annually and considered to be effective for 2021/22, 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 2022/23 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 actions that will be taken to manage them. Risks are regularly reviewed based on their risk profile 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's objectives and how they are being managed.

Regular risk management reports are presented to all Directorate Leadership Teams (DLTs), 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.

The Council also has a defined risk appetite which is used to inform decision-making, and the appetite is reviewed annually to inform and align to the Council's strategic priorities.

5.5.3 Performance Management

Performance is managed at all levels of the organisation and the Council's approach to performance management continues to evolve in response to the changing context nationally and locally.

The Council's priorities are set out within the [Council Plan](#), which is reviewed annually. Each of the Council Plan priorities has a Senior Responsible Owner and agreed governance, through a Programme Board or a Directorate Leadership Team to monitor progress in achieving milestones and agree corrective action where required. Overall progress against milestones is then reviewed and assessed on a quarterly basis by the Assistant Directors Group and recommendations made to the Corporate Leadership Team about any areas where a deep dive is required.

The remit of each of the Scrutiny Boards is aligned to the priorities in the Council Plan and the scrutiny work plan for 2021/22 was based around the 10 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 is then scrutinised by the Resources and Delivering Value Scrutiny Board annually in March and reported in the Council's Annual Report, available on the Council's website.

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.

Directorate and Senior Leadership Teams monitor service performance on a monthly basis, including aspects of compliance and quality. Heads of Service and Team managers monitor and review team performance metrics. Both Council Plan milestones and key performance metrics are reflected in individual targets and monitored through individual Performance & Development Reviews.

At each level of the performance hierarchy, there is an expectation that appropriate action is identified and taken to improve performance where required. There are also provisions to escalate to the next level of the hierarchy, for example, where performance is out of agreed tolerance or there is potential for performance issues to have a wider corporate impact.

To ensure that the Council's Performance Management Framework continues to operate effectively, it is planned to review it in 2022/23, with a particular focus on ensuring that escalation provisions are operating appropriately.

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. Employees across the Council 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 has robust financial management arrangements in place, and it is important to note that the Council's latest [Medium Term Financial Strategy \(MTFS\)](#) for the period 2022/23 – 2024/25 is balanced over that period, with no new savings required corporately for 2024/25. The latest MTFS also includes commentary on how Solihull MBC compares in the Chartered Institute of Public Finance and Accountancy (CIPFA) index of financial resilience for English Councils, which assesses each Authority against a number of indicators, including levels of reserves, external debt and auditors' judgements, in order to illustrate each Council's financial position relative to that of comparator authorities. This makes an overall assessment that for the majority of the indicators used, the Authority falls in the average to low-risk category compared to our statistical nearest neighbours and other metropolitan districts. However, there are two measures where Solihull appears to be higher risk compared to both comparator groups: firstly, relating to business rates growth and the potential impact on the Council of changes to the design of the business rates retention scheme, and secondly to spend on social care. For both these areas there are logical explanations to these indicator results and a demonstration of how our approach to our MTFS process provides for known and potential risks through the level of reserves, particularly the Budget Strategy Reserve and the business rates windfall to provide a level of protection to support our overall financial resilience.

It should be noted that the medium-term funding for local government and consequently this Authority, remains unclear given the ongoing reviews of potential funding mechanisms and the single year financial settlement for 2022/23. We are expecting the reform of the Local Government Finance System during 2022/23, the outcome of which may be greater clarity on the future of local government funding; however, at this stage the impact on Solihull MBC is not known. The current MTFS acknowledges a number of areas of risk and the resulting mitigating actions and one of the challenges for the next MTFS process will be to develop a sustainable financial position for 2023/24 to 2025/26, which provides funding for adults, and children's services that matches forecast demand.

The Council has assessed its compliance with the requirements of CIPFA's Financial Management Code and reported the steps taken to enhance this compliance to Audit Committee providing members with assurance on the robustness of the financial management process. The most recent report to Audit Committee in March 2022 recommended that Members reviewed and agreed the latest position with regards to the CIPFA Financial Management Code and considered the actions that had been taken to deliver full compliance. It was agreed that no further updates are required for Audit Committee.

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 diversity of its workforce and gender pay gap information in line with the statutory deadline of the 30th March of each year.
- The Council publishes its Equality Objectives
- The Council works in accordance with the Council's published Equal Opportunities Policy Statement
- There is regular reporting to the senior leadership teams in the Council on the progress of equality work across the organisation
- The Council has dedicated senior managers to lead and embed equality, diversity and inclusion across the Council
- A process to assess against 'due regard' under the Act is in place for the decision-making process by way of 'Fair Treatment Assessments' (FTAs)
- Equality implications form part of the template for reports to Members on decisions.
- All new employees attend mandatory equality and diversity training as part of their induction
- All staff are required to complete mandatory equality and diversity training which must be refreshed every 3 years
- Session(s) 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 tendering process for organisations providing services to us or on our behalf.

5.5.7 Health and Safety

As part of the Council's Health and Safety Management System, regular performance reporting is made to the Corporate Health and Safety Board, Corporate Leadership Team and the Cabinet Portfolio Holder for Resources. The reporting provides an overview of key performance, including the number of reported work-related accidents/incidents, commentary on key aspects of health and safety including legislative updates and policy development. The information presented confirms that:

- Occupational health and safety arrangements are in place within SMBC, but with some areas of improvement required;
- There have been no health and safety regulatory interventions, or enforcement action taken against the Council in the last year;
- The introduction of the Building Safety Bill, following the government review of building regulations and fire safety has raised standards relating to tenant safety within the Council's residential social housing stock;
- The Council has appropriate governance arrangements in place to manage and monitor work-related health and safety matters through its Corporate Health and Safety Board;

- A corporate level health and safety action plan is in place to help make improvements to the management of health and safety in the organisation, with directorate-level plans under-pinning these at a local level.

5.5.8 Business Continuity and Resilience

The Civil Contingencies Act 2004 places a statutory duty on the authority to put in place business continuity management arrangements. This duty is satisfied via internal services owning and maintaining their own response plans and procedures to consider and plan for service disruption. Arrangements are in place for services to escalate to the activation of the council's emergency management plan should an issue be too significant to resolve.

The CSW Resilience Team is a combination of Local Authority Emergency Planning Officers from Coventry City Council (CCC), Solihull Metropolitan Borough Council (SMBC) and Warwickshire County Council (WCC). The team operates a 24/7 Duty Officer system to ensure an effective response to any incident occurring across the sub-region and has played a pivotal role during the Covid pandemic. The team also played a very key role in the complex inter-agency partnership led by Solihull Metropolitan Borough Council to manage Birmingham Airport's emergency reception of fleeing Afghan refugees and more recently the influx of people from Ukraine. The Corporate leadership team receives regular updates on business continuity and resilience planning to prepare and deliver a robust response to key risks.

5.5.9 Electoral process

It is vital that the public has confidence in the integrity of the electoral process. To ensure robust and effective governance, the running of elections is overseen by an Elections Board chaired by the Returning Officer (who is the Chief Executive) and comprised of the Director of Resources and Deputy Chief Executive, the Head of Legal and Democratic Services, the Electoral Services Manager and the Elections Officer. The Electoral Services Team utilise a project plan and risk register developed by the Electoral Commission based on national best practice and progress against these is monitored by the Elections Board. The team works closely with Candidates and Election Agents and with the Police to minimise the potential for possible electoral malpractice. The team also works with the Council's Health and Safety Advisors to ensure all elements of the electoral process, including polling stations, postal vote opening and counting of the votes are safe and secure for all stakeholders.

5.6 Assurance from Customers

Overall, 614 complaints were received in 2021/22 which is a decrease of 5% compared to 653 in 2020/21. Customer comments and feedback is also shared with service areas for improvement and policy and process design. During 2021/22, 834 customer comments were captured across all channels. The data will be analysed and full information and learning from complaints will be provided in an annual report.

Full details of the numbers and reasons for complaints and compliments and customer comments are published in the [Annual Complaints and Compliments](#) report. The 2021/22 report 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

Grant Thornton are the Council's external auditors and there is a good working relationship with them. They have quarterly meetings with the S151 Officer, Deputy S151 Officer, Head of Legal and Democratic Services and Head of Audit Services to discuss any matters, which the auditors may need to be aware of. There is a team of audit staff who work alongside the financial operations team to audit the annual accounts. External Audit provide regular verbal and written reports through Audit and Governance Committees, mainly on the annual Accounts but they also report on grant audits that they conduct and the value for money audit work that they carry out in conjunction with the final accounts audit. They also carry out a separate ICT audit, which is reported alongside the accounts.

The 2020/21 external audit reports include positive statements on both the accounts and the value for money conclusion and there have not been any recommendations for improvements to our accounts for numerous years.

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.

Inspection reports are available on the [Ofsted website](#).

Ofsted, along with the Care Quality Commission (CQC), the Chief Inspector of Constabulary and Fire & Rescue Services (HMICFRS) and the Chief Inspector of Probation (HMIP) for England and Wales published a report in February 2022 following a joint targeted area inspection (JTAI) in Solihull. Further details on the findings of this report can be found in Section 8.

The most recent inspection conducted by Ofsted was a focussed visit of the Local Authority's arrangements for the protection of vulnerable children from extra-familial risk in June 2021.

Ofsted focussed visits do not result in overall scores being awarded. The inspectors however highlighted in their report vulnerable children in Solihull are cared about and well protected from extra-familial risks and that the approach to exploitation reduces risk to the most vulnerable young people but the response to children going missing needs to be improved.

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 and on the [CQC website](#).

The Care Quality Commission (CQC) will be assuring how Local Authorities deliver their duties under the Care Act 2014. The Directorate is preparing for CQC assurance as we await more detail on the national framework- this preparation is led through the Improvement Board, chaired by the Director of Adult Care and Support.

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.

The Council participated in an Association of Directors of Adult Social Services (ADASS) led 'pause and reflect' peer process in June 2021 and received good feedback on how the Adult Social Care Directorate had operated during the Covid-19 pandemic.

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 map can be found at <https://www.lgo.org.uk/your-councils-performance>

During 2021/22, in terms of overall administration and according to data held by the Council (which will be verified with the Annual Letter due to be sent to Councils on 20th July 2022), the number of cases referred to the Council by the LGSCO increased by around 27% and all were responded to within the timescales agreed with the

Ombudsman. All the individual decisions made by the Ombudsman are published on their website and can be found at lgo.org.uk. Internal data shows that the number of complaints where the Council have been found at fault during 2021/22 is 11; however, it was determined by the Ombudsman that the Council had already made sufficient local resolution in 2 of these and therefore it made no further recommendations for these.

6. Group Activities

Our group activities are as defined in our Annual Accounting Statement. For the 2021/22 year our 'Group' relationships were as follows;

Subsidiary companies:

Solihull Community Housing (SCH), a 'not for profit' company set up and owned by the Council to manage its housing services.

Urban Growth Company (UGC), a special purpose vehicle created to realise the full economic potential of the HS2 Interchange Station and related infrastructure.

Mell Square Ltd, which holds the ground lease interests and freeholds of a number of key commercial town centre properties to enable the Council to continue to play an active role, with partners, in shaping the future of the town centre.

The Financial Operations division provided financial support services to all of these subsidiary companies for the 2021/22 financial year.

The Joint Venture relationship continues to be with the Coventry and Solihull Waste Disposal Company.

7. Update on governance concerns identified in last year's AGS

7.1. The impacts of Covid-19

The impact of the Covid-19 pandemic was identified as a net red risk in 2020 and mitigated through constant monitoring and controls throughout 2021 to a lower level of risk, and actions were taken to mitigate the impact of this on the delivery of the Council's services.

In order to support Solihull residents through the challenges posed by the pandemic, the Council:

- provided financial inclusion officers to give support and assistance to Solihull residents experiencing financial hardship, with discretionary hardship payments made where eligible
- formed the Solihull Food Bank network, to support the many volunteers and mutual aid groups who mobilised to ensure vulnerable people and those isolating had access to food and supplies
- identified domestic abuse as a growing area of concern and additional capacity was added to our local specialist support provision. Messaging about how and where to get help was cascaded and steps were taken to ensure adult and child victims of domestic abuse were able to be safe in their accommodation
- focussed on homelessness and rough sleepers and supported them through multi agency interventions

The [Public Health – Annual report](#) details the Council’s response to and learnings from the Covid-19 pandemic.

7.2. Limited Assurance audits and key audit recommendations

Catering – A follow up review was undertaken in 2021-22 and the assurance level remained at level 4 (limited assurance). The service has been through a significant management of change process whilst implementing a new till system and has not been able to embed the necessary changes to the control environment. A further follow up is planned for Summer 2022.

Children’s education placements and SEND – A follow up is scheduled in Summer 2022. A significant programme of work is underway, and the audit has been timed to allow the interventions to be embedded.

Oracle Cloud – The Oracle cloud implementation is recognised as a significant project and throughout the year Internal Audit have been heavily involved in a number of aspects of the implementation process providing advice and support to the implementation team. The implementation programme has been amended to reflect the challenges faced by implementing such a complex core financial system. During 2021/22, the programme and the budget for the Oracle Cloud project were re-set to provide the capacity to enable a safe transition to ‘go-live’. Progress with the project is scrutinised by the Resources & Delivering Value Scrutiny Board at regular intervals.

Touchwood rental – During 2021-22 the ownership of Touchwood changed, and new arrangements are being put in place, which will be reviewed during 2022 including the joint commissioning of an independent audit of the financial statements presented by the new owner. The Head of Strategic Land & Property has set clear expectations with the new owners on controls around rental income which link to the recommendations from the Audit review.

7.3. Deficit on Dedicated Schools Grant

At March 2022, the accumulated Dedicated schools grant (DSG) High Needs Block deficit was £13.092m with an in-year deficit of £3.95m. Demand for Education, Health and Care Plans (EHCP) and specialist provision has continued, and the opening of the new Autism free school was delayed by the Department for Education (DfE) for a year until 2023.

In December 2021, Cabinet approved an updated financial plan for the DSG, which aims to recover the in-year DSG deficit (i.e., not the accumulated deficit) within three years.

SMBC is part of tranche 1 of the DfE’s Delivering Better Value programme, which will provide external capacity to analyse cost pressures and mitigations.

7.4. Areas for improvement identified in the OFSTED ILACS visit 2019

The most recent Inspecting local authority children’s services (ILACS) inspection was of the Council’s services for children in need of help and protection, children in care and care leavers in November 2019. The overall judgement was that services require improvement, however the services for children in care and care leavers were judged to be good.

The areas for improvement identified in [the report](#) were addressed through an action plan, which was considered by members of the Children’s Services, Education and

Skills Scrutiny Board before its submission to Ofsted in April 2020. Despite the significant impact of the pandemic, work has since developed on the action plan and a number of these actions have now been incorporated into the overarching Improvement Plan for further development in light of recent inspection activity.

7.5. 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 were much greater than has been included in the Council's planning assumptions and Medium-Term Financial Strategy (MTFS).

The Budget process for 2022/23 provided significant additional resources for Children's Services in the updated MTFS 2022/23 – 2024/25. Additional funding of over £6 million per annum was included in each year of the updated MTFS, plus an additional £3.073 million to deal with immediate pressures in 2021/22. A sum of £1.5 million was also added to the Children's Services reserve.

8. Significant Governance Issues identified during 2021/ 22

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 following issues have been assessed as significant and detailed actions plans developed to address the same.

8.1. Children's services – Joint Targeted Area Inspection

Following the outcome of the criminal proceedings into the tragic murder of Arthur Labinjo-Hughes in June 2020, the Local Authority was subject to a [Joint Targeted Area Inspection](#) (JTAI) of the multi-agency response to the identification of initial need and risk in Solihull in January 2022, as requested by The Secretaries of State for Education, Health and Social Care, the Home Office and Justice.

The headline findings of the report found children in need of help and protection in Solihull waited too long for their initial need and risk to be assessed; weaknesses in the joint strategic governance of the multi-agency safeguarding hub (MASH) led to the lack of a cohesive approach to structuring and resourcing the MASH; and the Local Safeguarding Children Partnership did not have a clear understanding of the impact of practice from the MASH or the experiences of children and their families that need help and protection in their local area.

By way of a multi-agency response to this inspection, along with partners, the Local Authority has produced a Statement of Action which was submitted to Ofsted at the end of May 2022. This action plan addresses the findings in the JTAI by providing remedial actions that are assigned to the various partner agencies involved. Whilst

some of these remedial actions have already been implemented, the majority remain in progress at the time of writing.

The Local Authority recognises the need for improvement across the Children's Services and Skills Directorate, and consequently has created an Improving Outcomes for Children in Solihull Board. The board is independently chaired with strategic and political membership to rigorously oversee and provide scrutiny over a recently devised Improvement Plan, including those of partner organisations comprising of West Midlands Police, National Probation Service, and the Clinical Commissioning Group.

Improvement activities are already underway, and significant funding has been utilised to start addressing the capacity issues highlighted in the JTAI Report.

The significant pressure faced by Children's Services means that, at the time of completing this Annual Governance Statement, the service is not able to be as up to date as other areas of the Council with key corporate processes that form part of our overall internal control framework (e.g., Directorate Health and Safety Action Plan, complete and up to date risk registers). In addition, the pace at which improvement is required means that some approval processes have to be fast-tracked. Full corporate support will continue to be provided to ensure these matters are resolved and that resources are committed in line with proper approval processes.

8.2. Safeguarding in Care Homes

The Care Act 2014 places safeguarding duties on the Local Authority. Safeguarding performance information is monitored on a weekly basis through the Transformation Board, chaired by the Director of Adult Care and Support. There is currently one open large scale safeguarding enquiry regarding Tanworth Court- this is being monitored closely by the Council's Commissioning team and the provider has an action plan in place.

8.3. Education Provision

Parents who are dissatisfied with the education their child is receiving have recourse to the Local Authority through the Local Government Ombudsman (LGO). During 2021/2022, 6 complaints were investigated by the LGO, and fault was found in 5 cases – resulting in a total payment of £15,420 to the affected families. The main areas of maladministration related to the Education, Health and Care Plans (EHCP) assessment and review process, and the Local Authority failing to provide alternative provision for children who were not attending school (under Section 19 of the Education Act).

Significant improvements in EHCP processes and performance have been achieved during this year in response to the issues raised by the LGO. Additionally, the education management of change created an Inclusion Service where children with poor attendance within schools are now being tracked and appropriate action taken to ensure schools carry out the attendance work necessary, parents are fined for non-attendance where appropriate with interim provision being put in place by the Local Authority where required. The new attendance guidance released by the Department for Education (DfE) at the end of May 2022 is expected to provide greater accountability for schools in ensuring good pupil attendance.

8.4. Limited and no assurance audits

During 2021/22 the following internal audit reviews undertaken identified concerns in risk, control and governance resulting in either limited (Level 4) or no (Level 5) assurance being reported.

Catering – Level 4

Children’s Liquid Logic – Level 4

Solihull Music Service – Level 5

Hazel Oak School - Level 4.

Children’s Placements Finance – Level 5 (Level 2 upon follow up)

In all cases, these matters have been brought to the attention of senior management and the Audit Committee. Management have given assurances that recommendations made by Internal Audit will be implemented. Implementation of recommendations is monitored and overseen by Directorate Leadership Teams. In the case of Children’s Placements Finance, a follow-up audit review has taken place and it was noted that significant improvement has been made resulting in substantial assurance (Level 2) being reported.

8.5. Financial pressures on the MTFS delivery

The updated Medium Term Financial Strategy (MTFS) for 2022/23 – 2024/25 provided significant amounts of additional funding for Children’s Services based on forecast demand. Following the outcomes from the Joint Targeted Area Inspection (JTAI) of Children’s Services and the resulting Improvement Plan, the funding requirements have increased beyond the amounts included in the updated MTFS. There are also significant new pressures across the Council from the current economic climate. This has resulted in the corporate risk for MTFS delivery being escalated to a net 9 red risk as at May 2022. Work will take place through the Corporate Leadership Team and the cross-party member-led Budget Strategy Group to agree on how these funding challenges will be addressed.

8.6. Leisure Centre- Financial impact

The closure of leisure centres was a requirement of law due to Covid-19. In common with many local authorities with similar standard leisure operating contracts, the closure invoked contract clauses whereby income risk passed from the operator to the Authority.

Detailed action plans have been drawn up including setting up a Leisure Centre Service Recovery Board which will:

- Manage the financial, legal and procurement related matters of the contract
- Challenge significant cost overruns/variations outside of those allowable and accounted for within the contract
- Set out and manage a plan for the remodelling of the financial, legal and procurement aspects of the service for the post pandemic period using best practice and innovation from across the sector on the recovery of leisure centres

9. 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.

2021-22 has been a period of significant challenge and change. We are continuing to learn to live with Covid and, through our work, we are addressing its impacts. Looking at 2022-23 and beyond, we are facing an unsettled global situation with potentially significant economic conditions. Our recently refreshed Council Plan is informed by analysis of the issues that we are likely to face in the next year and sets out our headline analysis of our strengths, challenges and opportunities, both as a Council and as a borough. It outlines the strategic context that we work in, and how we are developing to better meet the needs of residents, businesses and visitors.

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues, including improvements in Children's services, 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