

Annual Governance Statement 2022/2023

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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 2023 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).

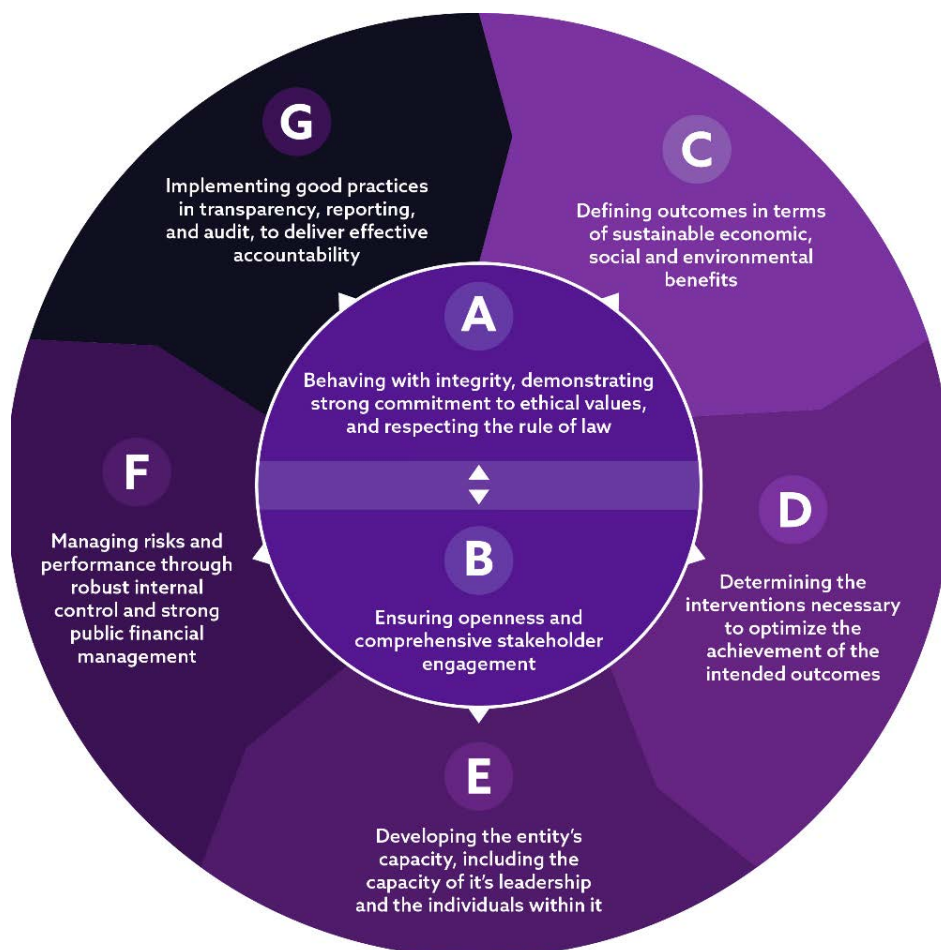
The AGS is endorsed by the Audit Committee prior to its approval by the Governance Committee. Once approved, it is signed by the Leader and the Chief Executive of the Council before being published on the Council’s website.

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 2023. 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 (the Code) 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 2023 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 2022/23

- 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

- Ethical values reinforced and demonstrated through modelling by the leadership team
- The low level of complaints about the conduct of our elected members, and the fact that there has been no formal finding of a breach of the code of conduct in the last 5 years is an indication that our Councillors fully understand and are bound by their obligations under the Code of Conduct.
- Horizon scanning to understand implications of and compliance to key bills and legislative changes
- Effective management and coordination of multiple grants and funding streams

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 2022/23

- 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
- User consultation and co-production in developing the family hubs offer, service users voices informing and shaping decision and future service design
- Newly created Birmingham & Solihull Tobacco Control Alliance established with a citizen involvement sub-group to recognise the value in working with our communities as a valued partner to achieve the alliance ambition of creating a tobacco-free society via coordinated, sustained and effective partnership action
- Council has worked with a range of organisations and services to develop a multi-agency approach to welcoming and resettling refugees and new communities in the Borough, particularly those from Afghanistan, Ukraine, and Hong Kong
- Development of service guides which are available to elected members to support their ward councillor roles
- Reintroduction of the Corporate Social Responsibility Network across the Council and business sector. The purpose is to help inform businesses interested in contributing to their local community, showcase some of the opportunities and charities to support, as well as make introductions between sectors
- Faith Action Network Project established to network a range of faith-based groups and organisations across Solihull. This identifies areas to take forward as shared priorities with the Council (prejudice/hate crime, loneliness, and poverty), creates meaningful new representation from the faith sector and establishes foundations through which the faith covenant, partnership and action can be taken forward.

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 priorities.
- 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

Some examples of how the Council met this principle in 2022/23

- Developing and consulting on the new Economic Strategy which looks at how continued and improved economic growth within Solihull can be delivered over the next decade ensuring all Solihull communities can participate and benefit, that we achieve our net-zero aspirations for the borough, and how we create thriving places which become centres of our communities and support local people.
- Work has progressed in delivering the Health Inequalities strategy around the four priorities which are built upon three major life-stages, as well as recognising how the places where we are all born, grow, live, work and age can deeply influence our opportunities to be healthy. A fifth priority that captures areas of the Integrated care systems (ICS) Health Inequalities Strategy that the Council can support and/or facilitate has been added this year
- Development of Solihull's All Age Prevention Strategy, a far-reaching five-year strategy aimed at actively promoting a positive state of mental and physical health and wellbeing for those that live, learn and work in our borough
- Following further consultation, the Solihull Transport strategy was updated to reflect more recent shifts in travel patterns and behaviours and to ensure it remains responsive to the needs of the borough, now and into the future.
- Social Value monitored within contracts for the last 4 years show that the Council spent £5.24m in the local supply chain through our contracts and helped improve skills and access to good work by securing employment for 344 local people and over 600 weeks of apprenticeship through our contracts
- Continued delivery of the Council's Net Zero Action Plan, which sets out over two hundred necessary actions to achieve the borough's net zero ambitions. A borough wide renewable feasibility plan is also being developed.
- The Council has a large portfolio of sustainability projects, including the Solihull Town Centre Heat Network, development of the public vehicle charging network, the running of connected autonomous vehicles and sustainable energy generation schemes.
- A Climate Change and Sustainability Board has been set up to deliver the Council's Climate Change Priority. The board is made up of Assistant Directors across all directorates and also includes participation from Solihull Community Housing.
- Consultation took place to inform the new Natural Capital Investment Strategy, which seeks to protect and enhance biodiversity in the Borough.
- During 2022/23, the Council planted or facilitated the planting of 25,000 trees as part of its overall target to plant 250,000.

- Work has started on the Green Homes Retrofit Programme which seeks to improve the efficiency of public and private sector housing. This is now an integral part of Solihull's new Housing Strategy developed in 2022/23.

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 2022/23

- A refreshed Council Plan setting the priorities, values, and strategic direction of the Council
- 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
- The joint SCH and SMBC Asset Management Strategy for Council housing in the Borough has been formally approved and adopted by SCH board and SMBC cabinet. The strategy provides a ten-year horizon for stock investment and has been informed by an assessment of stock condition
- Focus on partnership working across initiatives, e.g., development of local outcome framework for the Supplemental Substance Misuse Treatment and Recovery Grant (SSMTR) which requires a multi-agency partnership approach to deliver against government's Harm to Hope Strategy for Drug & Alcohol Services to ensure progress and performance measures are achieved
- 'Solihull Together,' made up of senior officers across the system, has been merged with Solihull Place committee. This committee, chaired by the Council's Chief Executive, convenes to jointly progress key areas for business across the partnership including joint / strategic commissioning.

- The Strategy for Inclusive Education to achieve inclusion and equity for all Solihull children and young people has been co-produced by Solihull Parent Carer Voice, Solihull schools and Early Year settings, post 16 education settings, staff from Solihull Council (education, social care, and communities) and staff from Birmingham and Solihull Integrated Care Board.

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 regular 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 2022/23

- 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
- Focus on supporting staff development including staff conferences and supporting staff to successfully apply for posts within the local authority and retain valued skills sets.

- An apprenticeship scheme to grow and develop talent
- Access for all employees to accredited coaches and mentors (both internal and external) to enable reflection, promote understanding and bring forward fresh insights to reach the desired outcomes.

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
- 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 2022/23

- 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, financial updates, 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 2022/23

- 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

5. Review of Effectiveness

The Council reviews the effectiveness of its governance framework regularly to ensure the 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 assurances received during the year 2022-23.

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 five new cases of complaints about Members of Solihull MBC during 2022/23. All of these were dealt with by the Monitoring Officer without referral for formal investigation on the basis either that no evidence of a breach of the Code of Conduct was presented, or the matter could be resolved informally. Two cases were carried over from 2021-22 and were the subject of formal investigation. In both cases the outcome was that there had been no breach of the Code of Conduct.

5.2 Assurance from the Section 151 Officer and 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 2022/23, 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 2022/23. However, towards the end of 2022/23 the Chief Finance Officer was also Acting Chief Executive but retained his S151 officer responsibilities.

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 2022/23, 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 Internal Audit 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 2023/24 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](#). 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 actions being taken to mitigate them are published on the Council's website to ensure transparency.

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. In addition, the Audit Committee request for additional information as required to assure themselves that risks are being managed well.

There is a visible alignment between key risks to performance objectives in the Council Plan priorities and the Assistant Directors group receive regular updates on these risks. All key decisions made by Members are informed of key risks and the council's risk appetite.

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 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 2022/23 was based around the nine priorities 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.

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.

The Council's Performance Team carried out a review of the Council's current Performance Management Framework in 2022/23 and presented an initial report to the Corporate Leadership Team in March 2023. Possible changes, including to escalation provisions, are under consideration by the Corporate Leadership Team and any changes agreed will be introduced during the course of 2023/24.

The Council will continue to monitor and respond to new national requirements, such as the development of a children's social care dashboard. We will also monitor developments through the Office for Local Government (Oflog) which has been established to assess local government performance across England.

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 2023/24 – 2025/26 is balanced over that period. 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. Solihull's results suggest 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. The index suggests that Solihull has relatively high levels of unallocated reserves (such as working balances and the budget strategy reserve) which it is using at a sustainable pace.

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, and especially this year the additional investment in Children's Social Care.

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 2023/24. The outcome of the anticipated reform of the Local Government Finance System has now been delayed until after the general elections which means that there will not be any changes for at least a further two years so the clarity expected this time last year will not now materialise. The latest MTFS acknowledges a number of areas of risk and the resulting mitigating actions and one of the challenges for the latest MTFS process has been to develop a sustainable financial position for 2023/24 to 2025/26, providing funding for adults and children's services that matches forecast demand. Given the

significance of the improvements that are required within Children's Services which are now the subject of two improvement plans arising from the statutory direction which is based on recommendations from the Children's Commissioner Sir Alan Wood the MTFs has had to make a significant investment in Children's Services over the three-year period in order to bring about the necessary changes.

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 were 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
- The Council has published Equality Objectives on its internet pages
- In line with the statutory deadline of the 30th March of each year, annual equality information which is proportionate and relevant, is published on the Council's internet pages. This information includes Gender Pay Gap reporting, examples of how the Council and its services have met the obligations of the Equality Act and information on the diversity of the Council's workforce.
- 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;
- The introduction of the Building Safety Act, 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 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.

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 Corporate Leadership Team receives regular updates on business continuity and resilience planning to prepare and deliver a robust response to key risks.

Support to critical services is maintained via targeted support to key individuals and services, and as part of wider critical service interaction via the council's internal Business Continuity Forum.

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 Acting Chief Executive) and comprised of 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.

5.5.10 Partnerships

The Council has a range of statutory duties that require it to work in partnership. For example, the Council is one of three statutory partners with lead responsibilities for safeguarding children and adults and community safety and has a statutory duty to convene a Health and Wellbeing Board. More generally, partnership working is essential in work towards the Council's vision and the Council plays a key role in convening and promoting partnership working across public, private, voluntary and community sectors in Solihull.

A partnership induction pack is in place to provide members of Solihull multi-agency boards and partnerships with the key information they need, including: a description of the common purpose across all our partnerships, the responsibilities of each of the main multi-agency partnerships, and an overview of the relationships between them. This pack is updated and circulated to the boards at least twice a year.

Relevant responsibilities for partnership working are included in the job descriptions of Directors, Assistant Directors, and other senior Council officers. Each of the main Partnership Boards has an identified officer whose role is to manage the work of that board and to coordinate with other board managers. An annual item to review partnership arrangements to ensure that they remain fit for purpose is part of the Corporate Leadership Team and Assistant Director Group Governance Maps.

In summer 2022, a Partnership Coordination Plan was developed with the aim of achieving greater co-ordination, communication and a joined-up strategic approach across the multi-agency boards. This is overseen through a board chairs meeting. Completed actions include the development of a 'plan on a page summary' setting out the priorities of the main partnership boards at a glance, agreement of a standard approach to risk and arrangements for risk oversight and agreement of a co-ordinated approach to multi-agency case audits. A number of further actions have been agreed and will be implemented in 2023/24.

Going forward, the Council will continue with the Partnership Coordination Plan until all actions are complete and there will be an annual process to coordinate plans and priorities across boards and create standardisation of arrangements where possible.

5.6 Assurance from Customers

Overall, 629 complaints were received in 2022/23 which is an increase of 2.4% compared to 614 in 2021/22. Customer comments and feedback is also shared with service areas for improvement and policy and process design. During 2022/23, 837

customer comments were captured across all channels. There were 969 compliments received, a decrease by 1 from the previous year. 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 2022/23 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. This year, because of the implementation of Oracle Cloud part way through the year the External Auditors will be doing extra work to satisfy themselves that the new system is working as it should and that controls are in place and operating effectively and can be relied on for the purposes of the accounts. If they have any concerns on that then they would undertake additional substantive testing as part of their audit of the 2022/23 accounts.

Previous years' external audit reports include positive statements on both the accounts and the value for money conclusion. Specifically, the most recent external auditors annual report for 2021/22 gave the Council a Green RAG rating for Financial Sustainability – meaning that no significant weaknesses in arrangements had been identified. The report recognised the current challenges in Children's Services and made a number of recommendations relating to that area, from the perspective of improving economy, efficiency, and effectiveness.

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 full Inspection of Solihull local authority children's services in November 2022. The outcome of the inspection found Solihull Inadequate across all inspection areas and inspectors highlighted nine overall areas for improvement including: leadership, timeliness and quality of decision making, quality of practice, the workforce, partnership arrangements, permanence, role of IROs, corporate parenting, and private fostering.

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](#).

From 1 April 2023, the Care Quality Commission will have new powers to assess how Local Authorities deliver their duties under the Care Act 2014. The Directorate is preparing for CQC assurance against the Assessment Framework for Local Authority Assurance and has recently received a two day CQC Assurance Readiness Peer Review led by a Director for another Local Authority supported by colleagues from West Midlands ADASS (Association of Directors of Adult Social Services). Additionally, we have had a peer review to audit our social work practice.

The feedback from these peer reviews will help with our preparation plans which are 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.

In November 2022, the Council participated in a Children's Resources and Efficiency Peer Challenge which made nine recommendations, many of which are already being progressed. A position statement has been developed which will track how the recommendations are being addressed.

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 2022/23, 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 in late July 2023), the number of cases referred to the Council by the LGSCO decreased by around 30% 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 2022/23 is five; however, it was determined by the Ombudsman that the Council had already made a local resolution in two of these.

6. Group Activities

Our group activities are as defined in our Annual Accounting Statement. For the 2022/23 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 2022/23 financial year.

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

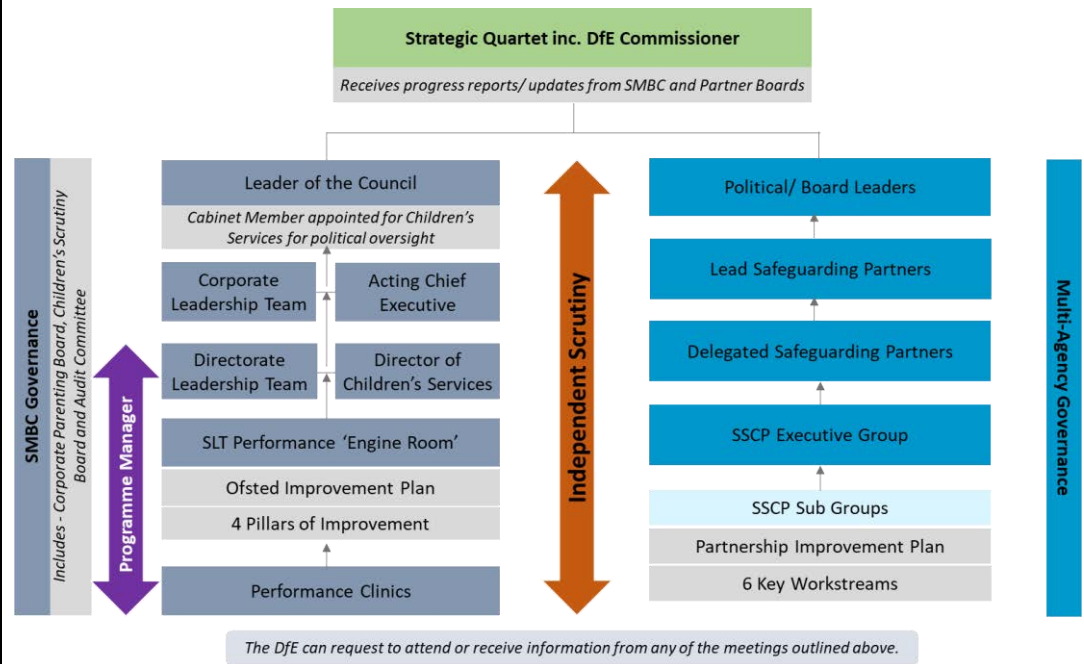
7. Update on governance concerns identified in previous years AGS

Concern	Progress update	Action Owner
Limited Assurance audits and key audit recommendations	<p>There are a number of areas which have been previously scored limited or no assurance which have not yet been followed up due to the timing of the work. These follow ups are on the Audit Plan for 23/24 but the audit score remains current until this occurs:</p> <p>Catering – Level 4 Children’s Liquid Logic – Level 4 Music Service – Level 5</p> <p>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 and the Corporate Leadership Team.</p>	Directorate Leadership Teams
Deficit on Dedicated Schools Grant	<p>At March 2023, the accumulated Dedicated schools grant (DSG) High Needs Block deficit was £16.359m with an in-year deficit of £3.147m. Demand for Education, Health, and Care Plans (EHCP) and specialist provision has continued to increase, with the new Autism free school due to open in September 2023.</p> <p>SMBC took part in tranche 1 of the DfE’s Delivering Better Value programme in 2022/23, which provided external capacity to analyse cost pressures and mitigations. A successful bid was made in February 2023 for a DfE DBV grant of £1million over two years, to support actions to attempt to make some impact on the current funding position.</p>	Director of Children’s Services
Children’s services – Joint Targeted Area Inspection	<p>Following the outcome of the criminal proceedings in December 2021 into the tragic murder of Arthur Labinjo-Hughes, the Local Authority was subject to a <u>Joint Targeted Area Inspection</u> (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.</p>	Director of Children’s Services

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 produced a Statement of Action which was submitted to Ofsted at the end of May 2022. This action plan has now been incorporated into a children's services improvement plan, which address the findings in the JTAI and the more recent Ofsted inspection.

The Local Authority recognises the need for improvement across the Children's Services and consequently has updated its governance arrangements:



	<p>The Strategic Quartet has strategic and political membership to rigorously oversee and provide scrutiny over the improvement activity and against the plan. A separate Partnership Improvement Plan has also been developed. The key partner organisations are Solihull Metropolitan Borough Council, West Midlands Police and the ICB.</p> <p>Improvement activities are underway, and significant funding has been invested to address the capacity issues highlighted in the JTAI and Ofsted Reports. Further information is provided below under 'significant governance issues identified during 2022/23'.</p>	
Education Provision	<p>Significant improvements in EHCP processes and performance have been achieved and the reduction in LGO cases recognises this – the challenge in securing private therapy services is a national workforce capacity issue and work is being undertaken regionally to look at the commissioning processes. Since the creation of the Inclusion Service, children with poor attendance within schools are being tracked and appropriate action taken and now plans are underway to increase alternative provision within the borough so children who are not attending school can be supported elsewhere. Decision making for home to school transport has been reviewed and the LA has an appeals panel to look at exceptional circumstances.</p>	Assistant Director - Education, Inclusion and Additional Needs
Safeguarding in Care Homes	<p>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 Social Care. Care quality monitoring and improvement plans are in place to monitor providers that have been rated as requiring improvement or inadequate.</p>	Director – Adult Social Care
Financial pressures on the MTFS delivery	<p>The Medium-Term Financial Strategy (MTFS) 2023/24 - 2025/26 sets out our approach to medium term financial planning and supports the delivery of the objectives and programmes set out in the Council Plan. It is designed to help provide a stable financial base from which to deliver our priorities and is balanced across the three years.</p>	Acting Chief Executive
Leisure Centre Contract- Financial impact	<p>A revised contract is being agreed for 2023/24. This will mitigate some of the uncertainties around energy prices with risk of price currently sitting with the Council, leading to a more sustainable model.</p>	Deputy Director – Public Health

8. Significant Governance Issues identified during 2022/23

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.

Improvement(s) Required:	Responsible Officer:	Target Completion Date:
In October 2022, the Department for Education issued a statutory direction and appointed a Commissioner to oversee the improvement required in Solihull's Children's Services. In March 2023, the Commissioner's report was published, and a further statutory direction was issued. This requires Solihull Council to secure a regional partner for improvement in Children's Services and to prepare a Children's Social Care Improvement Plan and a Solihull Safeguarding Children's Partnership Improvement Plan. It is intended that a regional partner will be secured by July 2023.	Director of Children's Services	Jul 2023
In the latest approved Medium Term Financial Strategy (MTFS) 2023/24 to 2025/26, around £25 million of additional investment has been made into Children's Services. There are significant financial demands within the service and there is a risk that further additional funding could be required. However, as required by the Children's Commissioner, the Directorate is preparing a three-year staffing and resource plan which aims to match service provision to the funding in the approved MTFS.	Director of Children's Services	July 2023

Improvement(s) Required:	Responsible Officer:	Target Completion Date:
A Corporate Warning Marker System Audit completed in 2022/23 was a Level 5 audit. Since the audit was conducted, the Assistant Director for Adult Social Care has taken on the responsibility for oversight of the system and a number of improvements have been made, which will be tested through a follow-up audit.	Assistant Director – Adult Social Care	March 2024
During 2022/23, Bereavement Services received a Level 5 internal audit rating which set out failings across a number of compliance areas including financial management, procurement and risk. All recommendations were agreed and accepted and are set out in a service improvement plan which is due to be completed by 31 st December 2023.	Assistant Director Communities and Partnerships	December 2023

9. Conclusion and Evaluation

As Leader and Acting 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 and we will monitor their implementation and operation as part of our next annual review.

Paul Johnson
Acting Chief Executive

Councillor Ian Courts
Leader of the Council