

**Manchester City Council
Report for Information**

Report to: Audit Committee – 23 June 2017

Subject: Governance Improvement Progress for Partnerships with Medium or High Risk Assessment ratings

Report of: City Treasurer

Summary

The report provides an update on progress made to strengthen governance arrangements in the eight partnerships where a medium or high Partnership Governance Risk Assessment was recorded in the 2016 Register of Significant Partnerships, as requested by the committee in December 2016.

Recommendations

Audit Committee is requested to comment on and note the progress made to improve governance arrangements in the partnerships detailed in the report.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to Audit Committee 1 December 2016 – Significant Partnerships Register

Introduction

- 1.1 In recognition of the need to ensure that all the Council's partnerships continue to perform well, delivering value for money and supporting the Council's strategic objectives, a Partnership Governance Framework is in place. This framework defines and standardises the Council's approach to managing its partnerships, in order to help strengthen accountability, manage risk and rationalise working arrangements.
- 1.2 In support of its application of this framework, the Council maintains a Register of Significant Partnerships (the Register), which has been in place since 2008. It lists all key partnership arrangements that are considered to be of the highest significance to the financial and reputational risk of the Council and to achieving the Council's objectives. These arrangements are not uniform, ranging from joint venture partnerships, statutory groups and PFIs. They reflect different governance structures depending on their legal status.
- 1.3 The Register is refreshed annually, and the latest version of the Register was taken to Audit Committee on 1 December 2016. In the updated version of the Register, four partnerships had a Risk Assessment rating of "medium", indicating that while there is a generally sound system of governance in place in these partnerships, areas for improvement have been identified. Four partnerships had a rating of "high", meaning that control arrangements in these partnerships needed to be strengthened, and that the partnership's and Council's objectives were unlikely to be met.
- 1.4 To gain assurance that plans are in place to strengthen governance arrangements in these partnerships, Audit Committee requested that a report is produced which details progress made to strengthen governance arrangements in those partnerships with a medium or high risk rating. In the following section, an explanation is given for each of the partnership's ratings, and progress made to improve governance arrangements.

2. Progress made to strengthen partnership governance arrangements

Partnerships with a "high" Partnership Governance Risk Assessment

Biffa Municipal Ltd

- 2.1 The rating of "Medium" for the partnership was originally assigned while performance information was awaited which could provide assurance of acceptable contract performance. At the meeting on the 1st December, Members requested that the rating be recorded as "High" due to concerns about operational issues and the IT system.
- 2.2 The Growth and Neighbourhoods Directorate has a Waste, Recycling and Street Cleansing Client Team that undertakes contract monitoring activities associated with all elements of the Biffa Contract which has a value of approximately £15m per annum. The activities encompass performance management and risk controls as well as working with the contractor to enhance ICT and reporting arrangements. This team was put in place to

ensure effective governance of this substantial contract in addition to the oversight provided by the Strategic Board and the Performance and Contract Management Group.

- 2.3 These governance arrangements have been subject to a review by Internal Audit that was concluded in May 2017 and delivered an opinion of substantial assurance in respect of the arrangements that are in place. They concluded that there was a robust contract governance and performance management framework in place to oversee operational delivery and that they were satisfied that there are sufficient controls and reporting mechanisms to tackle areas of non-compliance and poor performance. Recommendations made to further strengthen the arrangements in place, including the development of a formal risk register, are in the process of being implemented.
- 2.4 The contractor is currently subject to an agreed improvement plan over a period of six months from February 2017. This incorporates a number of workstreams which are intended to both improve day to day performance and compliance with contract standards and to improve the availability of performance data to further enhance the monitoring capabilities of the team.

Manchester Safeguarding Children's Board (MSCB)

- 2.5 When the Partnership Register was updated in December, the risk rating remained "High" for this partnership, which was the same rating recorded in 2015. There is a separate item on the agenda regarding governance arrangements for the MSCB.

Manchester Mental Health and Social Care Trust (MMHSCT)

- 2.6 In December, it was proposed that a Partnership Governance Risk rating of "High" was recorded; this was the same rating given in 2015. At a strategic level, the Trust Development Authority (TDA) had agreed, following due process and through the Sustainability Steering Group, to lead a procurement process to facilitate the acquisition of the Trust by one of the two other existing Mental Health Trusts in Greater Manchester. The risk rating remains at "High" while the transition to the new provider takes place.
- 2.7 The NHS Improvement (formerly the TDA) led process to identify a provider to acquire MMHSCT was successfully delivered, resulting in Greater Manchester West Mental Health NHS Foundation Trust (GMW) acquiring MMHSCT on the 1st January 2017. This was signed off by the Secretary of State and RAG rated 'Green' by NHS Improvement for the safe transfer and management of the process and transaction. As a result, the organisation was renamed Greater Manchester Mental Health NHS Foundation Trust (GMMH).
- 2.8 A single NHS contract has been signed with GMMH covering all Health, Social Care and Public Health mental health and wellbeing services. This is a 2 year contract (with the option to extend for a further 3 years) and has an annual value of c£100m. The MCC Social Care and Public Health element of this contract has a combined annual value of c£7.4m

- 2.9 New single contract monitoring, quality and performance meetings have been developed, attended by MCC and CCG commissioning leads. An integrated health and social care work plan has been produced to identify and timeline the implementation of the GMMH transformation plan for the city. A Clinical Transformation Group has been developed to oversee this work, which includes representation from MCC and CCG commissioning. These meetings now feed into the executive structures of Manchester Health & Care Commissioning (MHCC), where the Executive Director of Nursing & Safeguarding has maintained senior management responsibility for mental health in the immediate future.

Hulme High Street Ltd

- 2.10 Hulme High Street Ltd is a joint venture limited company incorporated in 1996 between Manchester City Council (as landlord) and Amec (as developer) formed to develop the Hulme High Street area brought about following the Hulme City Challenge regeneration project initiated in the early 1990's. The site comprised of the High Street area including the Asda retail park along with the surrounding high street, market and residential development sites. Amec's interest is now held by Muse Developments.
- 2.11 The principle objective for the formation of this partnership arrangement was to develop the Hulme High Street area of the City. All but one of the sites has now been developed. The remaining site, the former Hot Pot pub site, remains undeveloped. It is proposed that, once a valuation is agreed for this site between the Council and Amec/Muse, the Development Agreement will be terminated and the Council will become the sole shareholder. The implications of this with regards to assets or liabilities of Hulme High Street Ltd are currently subject to further investigation and research, therefore at this stage it will continue to be considered a high risk partnership.

Partnerships with a "medium" Partnership Governance Risk Assessment

Mayfield

- 2.12 2016 saw the first annual self-assessment of the partnership as it was a new entry on the Register last year, therefore a rating of "Medium" was recorded at the meeting in December.
- 2.13 The partnership is a Joint Venture agreement between Manchester City Council, Transport for Greater Manchester (TfGM), London & Continental Railways (LCR) and a private sector development partner (U&I plc) to deliver the regeneration of the Mayfield site in Manchester city centre, in line with the agreed Strategic Regeneration Framework (SRF).
- 2.14 The partnership was rated as medium risk, as the legal agreements still needed to be finalised and formally entered into and the governance and management processes formally established, in line with the agreements. The legal agreements have now been entered into, and formal governance arrangements are now in operation. It is therefore suggested, in the absence

of new risks arising over the next six months, that in the next update of the Register the partnership be re-rated as low risk.

Children's Board

- 2.15 A Partnership Governance Risk rating of "Medium" was recorded, which was in line with the rating given in 2015.
- 2.16 The Children's Board Strategic Partnership has made considerable progress in the past 12 months and oversaw the production of a completely refreshed Children and Young People's Strategy and Plan. This plan is articulated in the key vision - 'Our Manchester, Our Children - building a safe, happy, healthy and successful future for children and young people.' The plan has 21 priorities and demonstrates that the partnership is passionate about 4 key areas:
1. Children and Young People living in Stable, Safe and Loving Homes
 2. Safely reducing the number of children and young people who are in care
 3. Children and Young People having the best start in the first years of life, improving their readiness for school.
 4. Children and Young People fulfilling their potential, attending a good school and taking advantage of the opportunities in the City.
- 2.17 The Plan was co-produced by the strategic partnership and in consultation with children and young people. The plan ensures a golden thread runs throughout all key strategic plans including Our Manchester and the Care Leavers Strategy etc. A work plan for Board ensures the thematic priorities are planned and scrutinised.
- 2.18 The Children's Board have changed how business is conducted with a stronger focus on the thematic priorities and a dedicated focus on outcomes and impact. Every other board meeting a thematic area such as safe, happy, healthy is chosen and a workshop style format held to look at progress, impact and outcomes. This is providing a sharpened focus for the Board and ensuring the contribution is from the partnership and not just one agency. Board meetings held in March and May focused on safe as a thematic priority and schools standards and the Joint Strategic Needs Analysis. This approach alongside a revised outcomes framework is enabling a stronger focus on delivery, the impact and outcomes.
- 2.19 The Children's Board has overseen the implementation of the Early Help Strategy and has a key role to ensure delivery of the offer of early help is a collective responsibility. In 2016/17 the Early Help Hubs have continued to strengthen and flourish and are now a key focal point to provide advice, guidance and to co-ordinate a targeted offer of early help. Performance data for April 16 – March 17 demonstrated an increase in activity in all aspects of the early help hubs. The number of early help assessments being registered in the last two quarters has met both the baseline target of 300 children and the target to achieve good of 400 children. The key agencies that are contributing to the increase in registration are early years staff, health visitors and schools.

Whilst there is more to do; the Children's Improvement Board agreed in April, that Early Help should be rag rated as green in the improvement plan given the sustained increase in early help activity.

- 2.20 The increase in early help registrations means more children and young people are accessing an offer of help and support at an earlier point and escalations from early help into social care remain low. As a partnership we want to test out whether early help is working in our city and is making a difference. We have arranged an early help summit on the 30th June which will be co run with Research in Practice (RiP) a nationally run research and evaluation organisation which will robustly test out performance, quality and outcomes data. The range of activity - developing strategic plans, holding workshops with children and young people and organising an early help summit demonstrates the development and the increasing maturity of the Children's Board. There is a busy programme for 2017/18 which will involve a strong focus on performance and impact and will evidence the progress and impact of the Early Help Strategy.

Avro Hollows Tenant Management Organisation

- 2.21 A Partnership Governance Risk rating of "Medium" was recorded for 2016, which is the same rating as that which was given in 2015.
- 2.22 The general working relationship between the Council and the Avro Hollows Board is continuing to improve in a number of areas. Senior officers from Strategic Housing have been negotiating the terms of the management agreement which is a highly complex document and is key to the smooth running of the organisation. It is expected that the Agreement will be finalised in the coming months.
- 2.23 Board meetings have continued and Strategy officers have continued to attend. They have observed improved reporting in governance and finance structures to meetings. Liaison meetings have also been carried out and helped to address minor issues and develop relationships between stakeholders.
- 2.24 Avro Hollows have procured a new repairs and maintenance contractor which has led to significant improvements in performance. They have also recruited additional staff which is assisting service delivery to residents.
- 2.25 There has been a successful AGM where local residents demonstrated their support to the organisation and a further event is being planned to showcase future community activity and gain buy in from the wider resident base.
- 2.26 The tripartite agreement between the Council, Avro Hollows and Northwards Housing will be completed when the management agreement has been finalised. The aim of the agreement is to achieve clarity around the individual roles and responsibilities each partner has for managing the neighbourhood where they are operating, and will progress the following issues:
- The delivery of a governance review.

- Developing and sustaining the relationship between the Board and key stakeholders.
- Developing a suite of performance indicators to enable the Council to monitor performance in the future.

SHOUT Tenant Management Organisation

- 2.27 A Partnership Governance Risk rating of “Medium” was recorded in December, which is the same rating as that which was given in 2015. The original “High” rating in 2014 was due to the fact that there was a potential risk arising from limited availability of Council resources to monitor the performance and governance arrangements of the partnership. Auditing and monitoring of the partnership had not been prioritised previously due to the relatively low expenditure involved and the small amount of properties managed (100 out of nearly 17,000 owned by the Council). The reduction in risk rating was due to significant changes which had taken place in the previous year in the Council’s relationship with SHOUT. An officer from Strategic Housing had started to attend their Board meetings and co-ordinate six weekly progress meetings. This has helped to drive improvements in the governance arrangements of the partnership.
- 2.28 As discussed previously the Shout board in conjunction with Strategic Housing have approved a training and development programme that will be owned and monitored by the board, delivered by Involve 360 and will cover the following areas.
- Improving board performance and sustainability
 - Improved joint working arrangements with Northwards
 - Improved housing management performance systems and service delivery to residents
- 2.29 A change in staffing has allowed Volunteer roles and board responsibilities to be reviewed and together with the new staffing structure will allow the separation of duties to allow improvement to service delivery and community activity to flourish.
- 2.30 Outcomes of the involve 360 programme will deliver new and improved staff/board arrangements. Training and development for board members, clear rules on financial arrangements and procurement. Protocols and communication between SHOUT and Northwards and other stakeholders will also be addressed.
- 2.31 A new and clear vision for the board will be adopted and shared with stakeholders. The management agreement is scheduled to be refreshed during the training and development programme being delivered by Involve 360.

3 Review of the definition of significant partnerships

- 3.1 It was noted at the Audit Committee meeting in December that there is a distinction between a contract and a partnership and that the definition used in

the Register and the Register content should be reviewed to ensure that this distinction is acknowledged.

3.2 The definition of a Significant Partnership is as proposed below:

A partnership is a formal agreement between the Council and one or more other organisations to work collectively to achieve an objective. Partnerships may:

- Agree to cooperate to achieve a common goal or shared objectives.
- Create a new organisational structure or process to achieve goals or objectives.
- Plan and implement a jointly agreed programme (often with jointly provided staff or resources).
- Provide joint investment and share the risks and rewards.

These arrangements will typically lead to a partnership board being formed, which will include representation from the Council at Senior Officer and/or Elected Member level. Arrangements where the Council agrees a contract with another organisation to deliver services on its behalf will not be considered partnerships.

To be included on the Council's Significant Partnership Register, the partnership relationship should be one or more of the following:

- Of strategic importance to the Council, critical to the delivery of the Council's key objectives or statutory obligations, and/or to the delivery of the Manchester Strategy.
- Critical to the reputation of the Council – failure of the partnership to deliver could damage the reputation of the Council.
- Responsible for spend of significant public investment.

3.3 Arrangements where the Council agrees a contract with another organisation to deliver services on its behalf will not be considered as a partnership and instead will be subject to appropriate procurement processes in accordance with the Council's Constitution. Where two or more organisations, including the Council, jointly enter into a contract with a third party to deliver services for these organisations collectively, a partnership may be in place between the organisations who have contracted the third party.

3.4 The effect of this is that where the Council has entered into a contract with another organisation to deliver services on its behalf this will not be included on the Register.

4 Next Steps

4.1 The next annual partnership self-assessment process will commence in September 2017, as part of the process of producing the 2017 Register of Significant Partnerships. Once completed, the new register will be submitted to Audit Committee in January 2018. This will provide an opportunity to review the new Risk Assessment ratings of the partnerships in this report to confirm whether governance arrangements have continued to improve where required.