

Manchester City Council Report for Information

Report to: Audit Committee – 13 June 2023

Subject: Register of Significant Partnerships 2022

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides an overview of the Register of Significant Partnerships 2022, outlining the review and assurance process which has taken place as part of the annual review.

The detail contained in the report focuses on a number of key areas:

- any new partnerships which have been added to the register
- entries recommended to be removed
- any partnerships where the assurance rating has increased to 'Substantial' since the last review
- any partnerships now classed as 'Reasonable' or 'Limited' strength following completion of the latest self-assessment.

The complete Register of Significant Partnership is attached at Appendix 1.

Recommendations

Audit Committee is requested to note and comment on the updated Register of Significant Partnerships.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

This report is for information in relation to the assurance ratings of significant partnerships and does not directly propose decisions affecting the achievement of the zero-carbon target.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration of equality, diversity and inclusion issues for Manchester residents and businesses have been taken into account in the development and delivery of the significant partnerships covered in the report.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Through some of the significant partnerships jobs have been created and will continue to create employment opportunities across a wide range of sectors
A highly skilled city: world class and home grown talent sustaining the city's economic success	A number of the partnerships act as a catalyst for investment through supporting infrastructure, innovation, and people, providing a significant boost to the future economic growth for the local area.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The partnerships which the Council is a party to, primarily through Joint Venture arrangements, act as a regeneration catalyst delivering positive socio-economic changes for communities.
A liveable and low carbon city: a destination of choice to live, visit, work	A number of the partnerships act as a catalyst for regeneration.
A connected city: world class infrastructure and connectivity to drive growth	Infrastructure improvements are an integral part of significant partnerships of the Council and ensure that opportunities are accessible to all.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no direct capital consequences arising specifically from this report.

Financial Consequences – Capital

There are no direct capital consequences arising specifically from this report.

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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 29 November 2022: Register of Significant Partnerships: Partnerships with Reasonable or Limited Assurance Ratings
- Report to Audit Committee 14 June 2022: Register of Significant Partnerships 2021.
- Report to Audit Committee 23 November 2021: Register of Significant Partnerships: Partnerships with Reasonable or Limited Assurance Ratings.
- Report to Audit Committee 15 June 2021: Register of Significant Partnerships 2020.

1. Introduction

- 1.1 On an annual basis, Manchester City Council undertakes a comprehensive assurance process on a range of entities through a review process called the Register of Significant Partnerships (RSP).
- 1.2 The RSP is a compilation of a range of entities/partnerships that are of the highest significance. The partnerships on the register are diverse and include Joint Ventures, wholly owned companies, statutory groups and Private Finance Initiatives (PFIs), as well as a variety of other types of arrangements.
- 1.3 The purpose of the RSP annual review is to assess whether the partnership arrangements that the Council is a party to are performing well, delivering value for money, effectively mitigating risk and realising the benefits that they were established to achieve.
- 1.4 With the exclusion of Private Finance Initiatives (PFIs), it should be noted that arrangements where the Council agrees a contract with a third-party organisation to deliver services on its behalf, this will not be considered as a partnership and instead will be subject to appropriate procurement led contract management and monitoring review processes.
- 1.5 To be included on the Council's Register of Significant Partnerships, the partnership should meet one or more of the following criteria:
 - I. Of strategic importance to the Council, critical to the delivery of the corporate objectives or statutory obligations and / or to the delivery of the Our Manchester Strategy;
 - II. Critical to the reputation of the Council – failure of the partnership to deliver could harm the reputation of the Council; or,
 - III. Responsible for spending significant public investment or whereby the Council has significant financial exposure.
- 1.6 Given that partnership working is a significantly important way for the Council to meet its strategic objectives, the principles of ensuring the lawful conduct of business, that public money is safeguarded, accounted for and spent efficiently and effectively, apply equally to both the Council and its partners. Therefore, it is vital that the Council has assurance that these partnership arrangements are clearly defined with effective governance arrangements in place.

2. The process of producing the Register of Significant Partnerships

- 2.1 The register is reviewed annually as part of the Council's processes for obtaining assurance over the robustness of its governance arrangements and ensuring that any challenges that may need to be addressed are highlighted so that improvements can be made, where required. The RSP process is very much a complimentary activity that sits alongside the Council's Annual Governance Statement.

- 2.2 The process starts with the completion of a self-assessment form, which is completed by an appointed partnership link officer by the relevant Strategic Director. The form asks a series of questions about the partnership. This includes questions on:
- Aims and objectives of the partnership
 - Which parties are members of the partnership
 - Decision making and governance structures
 - Financial arrangement
 - Approach to audit and risk management including obligations under applicable GDPR legislation
 - How performance management is undertaken
- 2.3 Following the completion of the assessment, based upon the details provided, the automated form generates overall assurance rating based on the robustness of the arrangements that the partnership has in place. The RSP has four levels of ratings that the partnership can be ranked as following the completion of the assessment:
- **Substantial:** Demonstrating consistent application of good governance practices, providing a high level of assurance and delivering both the partnership and Council objectives. Any matters noted do not put the overall objectives at risk.
 - **Reasonable:** An overall sound system of governance has been established but there are some areas for improvement to ensure the delivery of both the objectives of the Council and the partnership. Recommendations will be moderate or a small number of key priorities.
 - **Limited:** A governance system has been established but there are a number of significant areas highlighted for improvement, which if not implemented, could result in the non-delivery of partnership and Council objectives. Recommendations will be significant and relate to key risks.
 - **Weak:** Controls are generally weak leaving the partnership's system open to the potential of significant error, resulting in a high probability that partnerships and the Council's objectives will not be met unless action is taken. Critical priority or a number of significant priority actions required.
- 2.4 Following the assessment, the proposed ratings are moderated by an officer working group made up of a range of service areas from across the Council: Audit, Commercial Governance, Finance and Legal. The officer working group's role is to check and challenge the content of the submission and agree the proposed ratings to be included within the RSP. This process provides an opportunity for any improvements to be suggested based on the information that has been provided. The outcome of both self-assessment and officer review process is then presented to the Council's Commercial Board.
- 2.5 Following the completion of the 2022 review process, of the 47 partnerships on the Register, the ratings are as follows:

- 41 (87.2%) are rated as having a 'Substantial' assurance rating
- 1 (2.1%) rated as 'Reasonable'
- 3 (6.4%) rated as 'Limited'
- 0 rated as weak
- 2 (4.3%) proposed to be removed from the register.

3. **Entries added to the Register in 2022**

3.1 Following a gap analysis exercise comparing the 2021 RSP against the Council's Company Database, four new entries fall within the criteria outlined earlier in the report have been added onto the register. All of which have been rated as 'Substantial' following completion of the self-assessment forms.

3.2 **Manchester Heat Network Special Purpose Vehicle (entry 14)**

3.2.1 A special Purpose Vehicle (SPV) has been established to operation of the Manchester Heat Network (Civic Quarter Heat Network). The project facilitated the construction of a low-carbon Energy Centre at Manchester Central Convention Complex incorporating combined heat and power (CHP) and boilers connected to a 2km district heating network.

3.2.2 Vital Energi, an experienced provider of sustainable and renewable energy schemes, were appointed to deliver the network under a Design, Build and Operate and Maintain (DBOM) contract signed on the 31 December 2018.

3.2.3 The City Council novated the DBOM contract and associated leases, deeds, and titles to the Manchester Heat Network SPV in December 2022. This now means that the company is responsible for all the equipment, plant and buildings associated with the Network.

3.2.4 The Network currently provides heat and power to Manchester Central Convention Centre and the Bridgewater Hall, which are two integral public buildings within the civic quarter of the city. It also provides heat and power to the Town Hall Complex. Activity is underway to decarbonise the Network, with an options appraisal being drafted around the possible use of hydrogen and other sources of heat such as heat pumps, for the Network to meet its own zero carbon goals and support the delivery of Manchester's zero carbon priorities.

3.2.5 The Heat Network SPV Board is made up of Council representatives and recruited Non-Executive Directors with specialist skills and industry knowledge. Information and reports on the Heat Network are currently taken through the Council's Commercial Board and Shareholder Panel, with the annual business plan being presented to the Council's Executive Environmental and Climate Change Scrutiny Committee for approval.

3.3 **The National Football Museum (entry 15)**

3.3.1 The National Football Museum's (NFM) objectives are to advance the education of the public in the history and development of Association Football.

The NFM was established for the permanent exhibition and preservation of items of educational and historic value. The NFM is housed in the Urbis building which is leased by the City Council to the Millennium Quarter Trust who then sub-lease the building to the NFM.

3.3.2 The City Council have grant funding arrangement in place with the NFM and this was renewed for a further three years in 2022. Updates on the arrangement are reported to the Council's Community and Equalities Scrutiny Committee and the Executive.

3.3.3 As part of the conditions of the grant agreement MCC officers meet with senior management from the NFM on a quarterly basis to discuss future plans, governance, staffing, finances, performance and risk. This regular dialogue ensures that the Council has plenty of opportunity for early input into any key decisions and also ensures all risks are mitigated. The City Council has also nominated two representatives, an Elected Member and Senior Manager, to be Trustees of the NFM.

3.3.4 The NFM have a carbon reduction plan in place which aligns with Manchester's targets, and they provide progress updates on an annual basis. The latest update set out how NFM had made significant step change in how they manage their business with environmental practices in focus. The NFM were also finalists at the 2022 Manchester Culture Awards in the Promotion of Environmental Sustainability category.

3.4 Manchester Schools Alliance (entry 40)

3.4.1 The Manchester Schools Alliance (MSA) is a partnership body, maintained and led by and for all Manchester schools. It is an independent organisation focused on school priorities and self-improvement. The City Council is a contributing member to the Alliance and have a representative on the MSA Board.

3.4.2 The MSA is a registered as a company of the Companies House Website and schools pay to be a member by way of annual subscription. The subscriptions are used to purchase services and training for schools. As the MSA is funded on a year-by-year basis all income received is spent within that financial year. The relevance and sustainability of the organisation is discussed at each Board meeting.

3.4.3 The Board of Directors receive quarterly performance reports, and this is also reported annually at the AGM. The performance information presented at the AGM shares information about all of the activities that have been undertaken within that year.

3.5 Manchester Climate Change Partnership (entry 41)

3.5.1 The Manchester Climate Change Partnership (MCCP) brings together organisations from across the city's public, private, community, faith, education, and academic sectors that share a common goal to achieve the

ambitious objectives and targets set out in the Manchester Climate Change Framework. The City Council's Executive Member for Environment and Transport and the Deputy Chief Executive and City Treasurer are both members of the Partnership

- 3.5.2 The Council does not fund the Manchester Climate Change Partnership, but it does provide funding to the Manchester Climate Change Agency which is a Community Interest Company, and which used URBACT funding for the Zero Carbon Cities Project to help fund the production of the 2022 update to the Manchester Climate Change Framework which was produced on behalf of the Partnership. All Members of the Partnership provide their time for free and have also made financial contributions towards the running of the Manchester Climate Change Agency.
- 3.5.3 The Partnership reports into the Our Manchester Forum which is chaired by the Leader of the Council and an annual report and updates are presented to the Environment and Climate Change Scrutiny Committee for discussion. The annual report sets out the City's progress towards reaching zero carbon by 2038. The major challenge at the moment is that Manchester is currently not on track to achieve a 13% per annum CO2 reduction so this has been increased to 16% per annum and an injection of funding and pace is required.
- 3.5.4 Zero Carbon is at the heart of why the Partnership exists and the focus is on both climate change mitigation and adaptation. The recently published 2022 update to the Manchester Climate Change Framework provides the city with an evidence-based plan to halve its emissions.

4. Entries proposed to be removed from the Register

- 4.1 Following the annual review of the RSP, there are two entries proposed for removal. The rationale for this is that the entities no longer have a significant working relationship with the City Council.

4.2 Manchester Working Ltd (entry 4)

- 4.2.1 Manchester Working Ltd (MWL) was established as a joint venture company in 2006 for the provision of building maintenance services for the Council and Northwards Housing. MWL has completed all outstanding contracts and no bids are being made for new work. As a result of this, all employees have been released and the JV is no longer in active operation. The company closure activity will commence once the Annual Accounts for the financial year ending 31 December 2023 are completed and filed at Companies House. Given the status of the entity, it is proposed that it is removed from the Register of Significant Partnerships.

4.3 Manchester Credit Union (entry 23)

- 4.3.1 Manchester Credit Union (MCU) is a financial co-operative owned and controlled by its members and has been in business for 30 years. It exists solely for the benefit of its members and any surplus generated is returned to

members in the form of a dividend on savings or used to improve services to members. MCU is open to anyone who lives or works in the City of Manchester, Bury, Rochdale, Stockport, Tameside, Trafford, and the High Peak.

- 4.3.2 The Council has worked closely with MCU to help with the delivery of objectives linked Financial Inclusion and had representation on the Board of MCU until August 2020.
- 4.3.3 Historically, the local Housing Offices in the North of the City were utilised by MCU to run surgeries for staff and residents on a weekly basis. Following review of support to tenants, the Council's Housing Services have dedicated Money Advisors and if appropriate residents are signposted to the services of MCU.
- 4.3.4 Whilst the relationship with credit unions is an important one, it is felt that this entry no longer falls within the definition of a significant partnership and therefore should be removed from the register.

5. Partnerships where assurance rating has improved

- 5.1 On completion of the latest review, there are two entries on the register whose level of assurance rating has improved since the 2021 assessment, both of which are proposed to move from 'Reasonable' to Substantial' Assurance.

5.2 Manchester Local Care Organisation (entry 38)

- 5.2.1 The Our Healthier Manchester Locality Plan sets the ambitions for the city to significantly improve health outcomes and tackle health inequalities.
- 5.2.2 The partnerships aims, and objectives are set out in an agreed section 75 agreement which has been created to govern the partnership arrangements and decision making between MCC and Manchester Foundation Trust (MFT). The agreement enables MLCO to deliver an enhanced range of functions and include the transfer of commissioning functions for social care.
- 5.2.3 A MLCO Accountability Board was established with the purpose to provide a clear, single, simplified set of governance arrangements, to support a single health and social care delivery approach for MLCO. The Board is currently being held in abeyance pending a review but monthly meetings to discuss financial matters still take place and the Councils Deputy Chief Executive and City Treasurer attends the meetings.
- 5.2.4 The decision-making processes for the partnership are set out in the section 75 agreement. The governance around the partnership is currently subject to review and aligned to the establishment of arrangements to support the Manchester locality. Ultimately scrutiny of the partnership comes under the Councils scrutiny function.

5.2.5 The MCLO has an agreed risk management framework in place that aligns to the Councils risk management strategy and operates a risk register that is reviewed on a quarterly basis. It is felt that risk arrangements are robust but are subject to a refresh in line with governance arrangements.

5.3 **One Education (entry 42)**

5.3.1 One Education provides a range of educational and Business Support services to Manchester school and following a competitive tendering process, One Education was awarded the contract and is now delivering Educational Psychologist services to Manchester City Council schools.

5.3.2 Following a review of One Education by Consultants, Solace, which was commissioned by MCC a number of recommendations were made on:

- Alignment the strategic fit and shared priorities between MCC and One Education
- Introduction of a Shareholder Agreement between MCC and One Education
- Recruitment of Non-Executive Directors in order to further strengthen the Board
- Further work on company business model, particularly exploring the potential to create a charitable arm
- The need for MCC and One Education to review areas of activity / services to schools where there is an overlap e.g. payroll

5.3.3 A meeting took place between One Education and the Council to review the recommendations and agree how they are progressed, some of the recommendations are short-term e.g. NED recruitment, Shareholder Agreement, whilst others will need to be progressed in line with the development of the new Education Strategy for Manchester (responding to the Governments White Paper).

5.3.4 On an operational basis, the former Chief Executive retired, and the Finance Director was appointed as the Interim Chief Executive. The Postholder continues to build constructive engagement and further enhancing the relationships with key stakeholders.

5.3.5 The One Education Board is made up of two One Education Executive Directors and two Non-Executive Directors appointed by the City Council. Following one of the recommendations from the review the Board is to be expanded and recruitment is underway to recruit new Non-Executive Board Members to ensure the Board has the breadth of expertise needed.

5.3.6 MCC does not fund One Education as it is a trading company. Budget monitoring is reported at every Board Meeting and action taken to mitigate any underperformance on income generation. As well as the overall budget, each service area within One Education has its own identified budget, target income and contribution to the company. The Chief Executive has a robust system in place where he regularly reviews performance against budget with each Head

of Service and mitigation actions are put in place if needed.

6. Partnerships where assurance rating remains as 'Reasonable' or 'Limited' following latest assessment

6.1 The section below provides an overview of the Partnerships that have remained rated as 'Reasonable' through the compilation of the latest register based on the ratings system.

6.2 Manchester Safeguarding Partnership (entry 16)

6.2.1 The Manchester Safeguarding Partnership (MSP) replaced the Manchester Safeguarding Children Board and Manchester Safeguarding Adults Board. The MSP was established in response to legislative guidance (Working Together 2018). The legislation and guidance abolished the need for local areas to establish Local Children's Safeguarding Boards (LSCB) where local authorities had lead responsibility to having partnership arrangements led by three strategic partners, who all have equal responsibility for safeguarding arrangements in their local area. The three strategic partners are the Chief Officers of the Local Authority, the GM Integrated Care (GMIC) and Greater Manchester Police.

6.2.2 Manchester responded to the requirement to change our partnership approach to safeguarding children as an opportunity to align our partnership arrangements for safeguarding children and adults. The published arrangements are therefore also in line with the Care Act 2014 requirements for Safeguarding Adults Board (SAB). In the new MSP arrangements, the Adult Safeguarding Executive Group fulfils the function of Safeguarding Adult Board detailed in the Care Act 2014.

6.2.3 In 2021 MSP commissioned an independent effectiveness review of the partnership. A report on the findings and recommendations were presented to Accountability and Leadership in January 2022. All the recommendations from the review were accepted in full and a development plan was created. The Development Plan is near completion and changes made include the appointment of a new MSP manager, the establishment of a business unit to implement the work of the MSP, appointment of a new scrutineer, and a new strategic plan was developed and launched in April 2023. A new three-year safeguarding strategy has been written and this will ensure that the MSP continues to progress.

6.2.4 Changes have been made to financial planning processes and transparency. A zero-based budget exercise was undertaken for the 2022/23 financial year and quarterly budget meetings are held between the budget manager and the MSP manager. Budget reports are presented to the Leadership and Accountability meetings. It is felt that the Partnership would benefit from a scheme of delegation and development of this is underway.

6.2.5 The MSP manager prepares and maintains a risk register. Leadership and Accountability and the executives are sighted on risk at quarterly meetings

and the MSP Steering Group have monthly oversight and if required immediate action is taken.

7. Partnerships where assurance rating has reduced since the last assessment

7.1 There are three partnerships whose ratings have reduced following the latest refresh of the Register. Greater Manchester Mental Health NHS Foundation Trust has reduced to Limited from Reasonable and both AVRO Hollows and SHOUT have been rated as Limited having previously been Substantial.

7.2 Greater Manchester Mental Health NHS Foundation Trust (GMMH) (entry 26)

7.2.1 The partnership is based on a legal contract with GMMH for the delivery of the Council's statutory duties which are articulated under a Section 75 partnership agreement. The purpose is to deliver Social Worker Assessment and care management, approved mental health provision, community inclusion services and resettlement functions within an integrated health and social care organisation. The Section 75 Agreement forms part of a wider single integrated health and social care (NHS standard) contract held by GMMH and GM Integrated Care System.

7.2.2 Regulatory improvement action has been taken by the Care Quality Commission (CQC) against GMMH as a result of a whistle blowing event within a medium secure in-patient facility. A Care Quality Commission Section 29a Improvement Notice was issued to GMMH in April 2022 with reference to citizen risk because of unallocated mental health referrals and compromised case load capacity within Community Mental Health Teams which deliver amongst other duties the Councils delegated Care Act functions.

7.2.3 GMMH is receiving support from NHS England and local agencies including Manchester City Council to stabilise and improve service delivery.

7.2.4 An improvement/recovery plan to address compliance with the regulatory requirements has been produced and shared with partners and the CQC. In addition, senior representatives from GMMH are being asked to attend regularly and make local improvement representations to the Manchester Health Scrutiny Committee, Greater Manchester Integrated Care Contract Performance meetings, the Manchester Provider Collaborative Board, and the City Council's Joint Assurance Partnership which is a new and strengthened assurance meeting.

7.2.5 Starting in December 2022 weekly Social Care Improvement Meetings have been taking place. The aim of the meetings is to provide support to GMMH and are chaired by the Executive Director of Adult Social Services and attended by GMMH and other stakeholders.

7.2.6 GMMH are now subject to enhanced scrutiny and governance mechanisms and still requires the ongoing support of national, regional and local partners to stabilise services and put them on the path of improvement.

7.3 **AVRO Hollows (entry 32)**

7.3.1 The AVRO Hollows Tenant Management Organisation (TMO) was set up in 2008 and manage 312 properties in Newton Heath under the right to manage regulations. This includes four tower blocks and 28 low-rise flats. AVRO Hollows manage allocations and lettings along with incidents of lower-level antisocial behaviour. They also procure their own repairs and maintenance contractor to manage repairs and relets work.

7.3.2 A management agreement is in place, which sets out the standard terms and conditions and defines the relationship between the TMO and the Council. The TMO is monitored on a regular basis by Strategic Housing.

7.3.3 Following the completion of the 2022 RSP review, a number of areas have been highlighted that need to be strengthened. These fall under the three categories of governance, risk management and control arrangements. The Council's Audit and Risk Management Service has been in direct communication with the Chair of Avro Hollows TMO Board and despite receiving assurance from the Chair that these matters are being actively addressed, from the most recent performance review, it is felt that a number of matters still need to be improved. This is of particular importance given the investment which the Council is making into the local area. In order to progress the actions to a satisfactory conclusion, it is proposed that a joint meeting involving the Avro Hollows Board with officers from Audit and Risk Management and Strategic Housing to agree a clear way forward and timeline for satisfactory improvements to be made.

7.4 **SHOUT (entry 33)**

7.4.1 Shout Tenant Management Organisation (TMO) manage 103 low-rise properties in Harpurhey on behalf of the City Council the Right to Manage Regulations. Shout employs a part-time officer who manages allocations and lettings along with lower-level antisocial behaviour. The Council's Housing Services review all serious antisocial behaviour cases and consider whether any further action, including legal action, is required and procure this on behalf of the TMO. Housing Services also manage the repairs and maintenance service, re-let works, rent collection, and arrears recovery, all "major" works including servicing.

7.4.2 Since the RSP update presented to Audit Committee in November 2022, some areas of improvement in relation to governance were highlighted. Following the issuing of a letter from Legal Services, active improvements have already started to be made but there is some further work to do around this particular area, hence the reason for the rating. It is anticipated at the six monthly review point, all of the outstanding actions will have been addressed in full.

8. **Next Steps**

- 8.1 A lessons learnt exercise has been built into the annual process and this will be completed before work on the six-month update commences. This will ensure that the RSP process continues to be as robust as possible, and any continuous improvement activity is implemented ahead of the next cycle of assessments commencing.