

**Manchester City Council
Report for Information**

Report to: Audit Committee – 23 July 2024

Subject: Register of Significant Partnerships – Annual Assurance Review 2023

Report of: City Treasurer

Summary

This report provides an overview and outcome of the assurance process which has taken place as part of the annual review of the Register of Significant Partnerships for 2023,

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 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.

Contact Officers:

Name: Tom Wilkinson
Position: City Treasurer
Telephone: 0161 234 3087
E-mail: tom.wilkinson@manchester.gov.uk

Name: Sarah Narici
Position: Head of Commercial Governance, Assurance and Initiatives
Telephone: 07971 384491
E-mail: sarah.narici@manchester.gov.uk

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 28 November 2023: Register of Significant Partnerships: Partnerships with Reasonable or Limited Assurance Ratings
- Report to Audit Committee 13 June 2023: Register of Significant Partnerships 2022.
- 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.

1. Introduction

- 1.1 On an annual basis, Manchester City Council undertakes comprehensive assurance review on a range of entities that form part of the Register of Significant Partnerships (RSP).
- 1.2 The RSP is a compilation of a range of entities/partnerships that have been determined to be of high significance to the Council. 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, have strong and effective governance structures, 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 is not considered as a partnership and instead will be subject to appropriate procurement led contract management monitoring 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 and / 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 and effective 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 and oversight in place.

2. The process of producing the Register of Significant Partnerships

- 2.1 The RSP is reviewed annually as part of the Council's assessment of the robustness of its governance arrangements, linked to the Annual Governance Statement, to ensure that any emerging issues that may need to be addressed are highlighted so that appropriate improvements can be made to further strengthen the practices of the entity.
- 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 delivery 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 in order to mitigate the 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 the partnerships and / or 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 & Risk, 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 report. 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 for a further review prior to submission to Audit Committee.

2.5 Following the completion of the 2023 review process, of the 46 partnerships on the Register, the ratings are as follows:

- 40 (86.9%) are rated as having a 'Substantial' assurance rating
- 1 (2.2%) rated as 'Reasonable'
- 3 (6.5%) rated as 'Limited'

- 0 rated as weak
- 2 (4.4%) proposed to be removed from the register.

3. Entries added to the Register in 2023

3.1 One new entry has been added onto the register this year as it within the criteria of a significant partnership as outlined earlier in the report. The new entry is 'This City' and has been rated as 'Substantial' following completion of the self-assessment forms.

3.2 This City (entry 8)

3.2.1 This City is a newly created housing development company that is wholly owned by the Council. The purpose of This City is to scale up housing development to at least five hundred homes each year using council-owned land. Developments will have a mix of affordable tenures and market rent properties with at least 20% of the properties being made available at the Manchester Living Rent. July 2023 saw the start of construction at the first site No.1 Ancoats Green (previously referred to as Rodney Street), Ancoats. The development includes 119 apartments across two buildings and 10 town houses.

3.2.2 This City places social value at the centre of its commercial model and all developments will be designed to provide high quality, low carbon homes that will make a positive contribution to the city's zero carbon ambition.

3.2.3 A This City Board is in place and is made up of an Elected Member and three senior officers from MCC along with four independent Non-Executive Directors recruited through a Council facilitated appointment and selection process. A Delegation Matrix forms part of the Shareholders Agreement, between the Council and the company, and this sets out the roles and responsibilities of the This City Directors and the Shareholder with regards to decision making.

3.2.4 MCC has an internal Strategic Programme Board meeting chaired by the Executive Member for Housing and Development in place where senior representatives from Strategic Housing, Finance, and Legal attend along with Elected Members.

3.2.5 This City Board meetings are held quarterly where the company risk register, financial performance and delivery updates are presented. A monthly update report is also circulated to the Board between meetings which provides an update on the progression of key activities.

4. Entries proposed to be removed from the Register

4.1 Following the annual review of the RSP, there have been requests to remove two entries from the register.

4.2 Work and Skills Board (entry 30)

- 4.21 The Work and Skills Board is a partnership that supports the delivery of the Work and Skills Strategy 2022-2027 which is in place to ensure residents have the aspirations, skills, and opportunities to access good quality employment.
- 4.2.2 The Board also ensures local employers, businesses and small to medium enterprises benefit from the business support on offer and benefit the growing pool of well-educated local talent. Furthermore, the Board also works closely with partners to highlight gaps in work and skills provision and lobby funders in particular the GMCA through the new devolution agreement.
- 4.2.3 It is felt that this entry no longer falls within the definition of a significant partnership and therefore should be removed from the register as there is very limited liability and there are no financial implications.

4.3 Strategic Education Partnership (entry 33)

- 4.3.1 The Strategic Education Partnership is a termly forum with representatives from all phases of the education sector and senior officers from council departments including Education, Public Health and Work and Skills, it is chaired by the Lead Member for Children and Education.
- 4.3.2 The purpose of the partnership is to bring together appropriate partners to contribute to and have oversight of the education strategy for the city and have oversight of plans which will outline the contribution of the education sector to relevant Council priorities.
- 4.3.3 The partnership is also a forum for consulting with the education sector based in the city on other relevant council priorities and strategies and ensure links to work governed through other boards.
- 4.3.4 The partnership does not meet any of the criteria set out for inclusion on the register of significant partnerships as it is not responsible for spending or significant public investment, there is no statutory requirement to have the forum and it does not have accountability or oversight of any statutory duties fulfilled by the council. Therefore, it is requested that the entry be removed from the register.

5. Partnerships where assurance rating has improved

- 5.1 On completion of the latest review, there is one entry on the register whose level of assurance rating has improved since the 2022 assessment, it is proposed that the Manchester Safeguarding Partnership move from 'Reasonable' to Substantial' Assurance.

5.2 Manchester Safeguarding Partnership (entry 16)

- 5.2.1 The Manchester Safeguarding Partnership (MSP) comprises of statutory safeguarding partners; MCC, GMP and Greater Manchester Integrated Care Board, and representatives from a range of organisations in the City. The partnership provides strategic leadership for both children and adults multi-agency safeguarding. MSP supports and engages with others in the work of safeguarding children and

adults and promoting their welfare. Published arrangements detail how the partnerships work together to safeguard people in Manchester that are at risk of harm or exposed to harm through abuse, exploitation, violence and or neglect. The Care Act 2014, The Child and Family Social Work Act 2017 and Working Together to Safeguard Children 2023 provide the legislation and guidance that drive the statutory duties.

- 5.2.2 The MSP scrutiny functions are outlined in Working Together 2018 for Children's Services and also represent good practice equally applicable for Adults Services. The scrutineer leads on key assurance activity. MSP completes annual scrutiny and assurance activities such as the children's Section 11 audit and adult safeguarding annual assurance statement. The scrutiny function has improved now that the team has been restructured and increased in capacity. The MSP has a safeguarding strategy in place that assists with continuous progression and a framework of scrutiny has been developed and will be embedded throughout 2024/25.
- 5.2.3 The Accountability and Leadership Board is a joint meeting that oversees both Adults and Children ensuring that senior leaders are kept up to date in relation to the partnership, it is responsible for agreeing the strategic direction and the funding of the partnership. Representatives from the three statutory partners sit on this board.
- 5.2.4 The Children and Adult Executive meeting is responsible for the risk register, strategic priorities, and the workings of subgroups. The Safeguarding Effectiveness report is presented to the executive meeting every quarter. This is to provide assurance that the partnership is effectively safeguarding the children and adults of Manchester.

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' or 'Limited' through the compilation of the latest register based on the ratings system. There are three entries that remain as Limited.

6.2 Greater Manchester Mental Health NHS Foundation Trust (entry 25)

- 6.2.1 Greater Manchester Mental Health Foundation Trust (GMMH) is commissioned to provide statutory Care Act functions and duties on behalf of the Executive Director of Adults Social Services. A contract is in place with Greater Manchester Integrated Care Board (GM ICB) of which MCC is an associate commissioner. The contract value is £5.4 million and this funds services in integrated Community Mental Health Teams and includes adults of working age and later life, Approved Mental Health Professionals (AMHP's) and Community Inclusion and Resettlement workers. In addition to the contract for services, a Section 75 Partnership agreement (NHS Act 2006) is in place which describes the functions and duties delegated to the Trust to enable integrated working of health and social care teams.
- 6.2.2 Regulatory improvement action was taken by the Care Quality Commission (CQC) against GMMH as a result of a whistle blowing event within a medium secure in-patient facility. Consequently, NHS England and NHS Improvement placed GMMH

into segment 4 of the System Oversight Framework in November 2022. A segmentation decision indicates the scale and general nature of support needs from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). At the time of the annual RSP review, the trust remains in Segment 4 of the System Oversight Framework. In addition, a CQC Section 29A improvement notice was issued in April 2022, it highlighted concerns and risk with unallocated mental health referrals and compromised case load capacity within the Community Mental Health Teams.

- 6.2.3 Given the extent and nature of failings in patient safety and care, leadership, culture and governance, the Trust continues to draw significant public interest and media coverage. MCC are not the Commissioner of health services but remain concerned and focused on the CQC Section 29A improvement notice as this directly relates to the delegated Care Act functions and duties contained within the Section 75 Partnership agreement and Contract for Services which the Trust deliver on behalf of the Executive Director of Adult Social Services.
- 6.2.4 An improvement/recovery plan to address compliance with the regulatory requirements was agreed and shared with partners and the CQC. Despite the agreed improvement plan and reinforced governance and contract arrangements it has proved very challenging over the last 12 months for GMMH to deliver the required changes at the pace and scale required. Workforce challenges around recruitment and retention are impacting the ability to stabilise local teams. It has also proved difficult to secure substantive Executive Leadership with the Trust who have been operating with Interim Senior Posts for some time. It is to be noted that recruitment challenges are not localised and are an issue nationally across the UK within the NHS and Social Care. An announcement from GMMH in March 2024 informed that a new Chief Executive Officer has been appointed and is due to commence in June 2024.
- 6.2.5 Health Scrutiny Committee, the GM ICB Contract Review Meeting and MCC Joint Assurance Partnership Meetings are the senior meetings and forums that will continue to closely monitor the challenges. It is felt that the assurance rating for the partnership should remain as limited at this time until GMMH are stepped down from the NHS System Oversight Framework and local improvement is further evidenced.

6.3 AVRO Hollows (entry 31)

- 6.3.1 The AVRO Hollows Tenant Management Organisation (AHTMO) 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. AHTMO 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.
- 6.3.2 A management agreement is in place, which sets out the standard terms and conditions and defines the relationship between the organisation and the Council. The Tenant Management Organisation (TMO) is monitored on a regular basis by Strategic Housing.

- 6.3.3 Following the completion the 2022 RSP review, a number of areas that needed to be strengthened were highlighted and the overall assurance rating of the organisation dropped to 'Limited' assurance. The Council's Audit and Risk Management Service had carried out a review following concerns raised by Strategic Housing and this led to recommendations being made around the provision of information. As part of the 2023 review process, it was found that little progress had been made on the recommendations and implementation is still ongoing.
- 6.3.4 The changes in legislation around building and fire safety continue to place demands on AHTMO which they struggle to demonstrate compliance with. Similarly, they have been very slow in putting in place a code of conduct for complaints in line with the Housing Ombudsman's requirements as part of the wider Social Housing Regulation Act. Due to AHTMO's lack of ability to deal with some disrepair cases, these have had to be dealt with directly by officers from Strategic Housing and Legal. There have been frequent changes in staff with MCC having to offer cover when there has been no estate management function provided by AHTMO. Two formal meetings have been held with the Assistant Director for Assurance and Risk, the Assistant Director of Strategic Housing and the AHTMO Board to address these serious concerns, however, to date, there has been little improvement. The TMO appointed a new estate manager just before Christmas last year and he is still in post.
- 6.3.5 A Special Review of the AHTMO has been undertaken by an Independent Reviewer and they have made a series of recommendations for the TMO and the Council. The TMO have received the report, and a meeting is being planned with the Board to discuss the Improvement Plan during late June/early July.

6.4 SHOUT (entry 32)

- 6.4.1 SHOUT Tenant Management Organisation (TMO) manage 103 low-rise properties on the Shiredale Estate in Harpurhey. A management agreement is in place, which sets out the standard terms and conditions and defines the relationship between the organisation and the Council and MCC pay SHOUT a management fee to carry out the housing management functions as detailed in the Management Agreement.
- 6.4.2 SHOUT TMO recruited a new Housing Manager on 25 September 2023, following the departure of the previous post holder at the end of August 2023. There has been a transition period for the new manager to be inducted into the role. Shout TMO have increased their opening hours to 9am to 4pm and increased opening days to four days per week. They are now open every day except Tuesday.
- 6.4.3 Whilst there have been some minor improvements with the Board there are still issues with board member recruitment and retention. The TMO have been holding regular internal meetings with the Housing Manager and Chair and Treasurer of the Board. The Assistant Director of Strategic Housing has set up quarterly governance meetings with the Chair and Treasurer to obtain assurance that the TMO board are providing governance and the TMO is being managed effectively.
- 6.4.4 It is planned to deliver training to board members as it is essential for them to understand their role and responsibilities. A skills audit has been shared and once this has been completed, it will be reviewed, and relevant training organised. There

is ongoing engagement with residents who express an interest in being involved in board activities in order to encourage them to join the board. The TMO are also considering co-opting independent board members who will have relevant skills to assist with the decision-making process.

6.4.5 Changes to the Repairs and Maintenance contract has meant that the costs of repairs have risen significantly which means SHOUT do not have sufficient funds to cover the cost. Strategic Housing have been reviewing the allowance they receive and have proposed that MCC take over the budget for the repairs. This is still being considered by the Board. SHOUT TMO have also indicated that they are considering procuring a different Repairs and Maintenance contract.

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

7.1 There is one partnership whose rating has reduced following the latest refresh of the Register. Northern Gateway has reduced to 'Reasonable' from 'Substantial'.

7.2 Victoria North (Northern Gateway Operations) (entry 12)

7.2.1 The joint venture Northern Gateway Operations (OpCo) has strategic input to, and oversight of, the development of the Victoria North major regeneration area, primarily through the approval of an overarching strategic business plan and business plans for each Development Area (and variations to them) and through monitoring of delivery against the business plans. Key governance documentation includes an operational agreement, agreement for lease, shareholders agreement and development management agreement. These set out the equal partnership and which actions can be taken by all parties.

7.2.2 The programme aims to deliver 15,000 low carbon, energy efficient new homes in addition to new and enhanced public transport and active travel infrastructure, parks and green spaces and social and community infrastructure including schools and health facilities. All new development will comply with planning policy and will take account of any emerging policy direction with regards to zero carbon.

7.2.3 Partnership decisions are made by the OpCo Board. The day-to-day management of OpCo is vested in its Board of Directors. The Board consists of three Directors from the Council and three Directors from InvestCo (The Partner (FEC)). Scrutiny and key decisions are recorded in the minutes of Board Meetings which takes place quarterly. The Council has its own internal Board arrangement which coordinates and provides oversight of the Council's resources in the delivery of Partnership activity. The internal Board is chaired by the Strategic Director Growth and Development and attended by the City Treasurer, Assistant Director for Legal Service Commercial and Strategy and other senior officers.

7.2.4 The Council's Internal Audit service assessed the partnership in late 2023 and issued a final report on 07 February 2024 the overall assurance rating from the audit was 'reasonable'. The report included a number of 'matters arising' against which a series of recommendations were made. The Major Regeneration Team have turned this into an action plan with actions in the process of being completed over the next 12 months. The matters arising relate to: OpCo governance framework,

OpCo reporting requirements, commitment to zero carbon, due diligence of the partner, documenting lessons learned, stakeholder engagement and FEC internal governance.

7.2.5 It is envisaged that once the action plan has been implemented the entry will return to 'substantial' assurance on the RSP. A number of documents and reports that have been provided to the Internal Audit Team show that the actions are already underway and progress is being made. FEC have also confirmed their support in implementing the action plan.

8. Next steps and conclusions

8.1 All partnerships not currently rated as 'Substantial' assurance will be subject to a six-month reassessment. This will take place in September 2024. The outcome of the six-month review will be reported to Audit Committee in November 2024. It is to be noted, despite a handful of entities not being rated as 'substantial' it clearly demonstrates the strong and effective approach which the Council has embedded in its assurance and continual improvement practices to undertake this type of assessment, identifying and mitigating any risks and highlighting areas to further strengthen the partnership arrangements to ensure that they are delivering the outcomes they were established for.