

**Manchester City Council
Report for Information**

Report to: Audit Committee 11 February 2019

Subject: Health and Social Care Assurance Framework

Report of: Head of Internal Audit and Risk Management

Summary

It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.

Given the partnerships with NHS organisations across the City for the commissioning and delivery of health and care services established through Manchester Health and Care Commissioning (MHCC) and Manchester Local Care Organisation (MLCO), Audit Committee requested a report describing the assurance framework in respect of health and social integration.

This report describes the key elements of the current framework with a focus on governance and assurance from a Council perspective.

Recommendations

Audit Committee is requested to note the current assurance framework, planned developments and consider any further assurances required in discharging its assurance role.

Wards Affected: All

Contact Officers:

Name: Tom Powell
Position: Head of Internal Audit and Risk Management
Telephone: 234 5273
E-mail t.powell@manchester.gov.uk

Background documents (available for public inspection):

- MLCO Report: Manchester City Council Health Scrutiny Committee June 2018, October 2018, February 2019
- MHCC Pooled Budget 2019/20 including Adult Social Care: Health Scrutiny Committee December 2018, February 2019
- Internal Audit Plan and Assurance Update reports to Audit Committee 2018/19

1. Purpose of Report

- 1.1. Manchester City Council has long worked collaboratively with health partners across the City in the coordination of health and care services to residents. In the past this has included the pooling of budgets, development of joint strategies and delivery of services through partnership arrangements.
- 1.2. In the last two years and in line with the strategic aspirations of the Council, NHS Manchester Clinical Commissioning Group (CCG) and NHS Trusts across the City, these partners worked together to transform the approach to health and care services with the overall aim of improving outcomes for Manchester residents. These arrangements have been developed at scale across the City through the establishment of partnerships in Manchester Health and Care Commissioning (MHCC) and the Manchester Local Care Organisation (MLCO).
- 1.3. The design, development and delivery of services and governance arrangements across these partnerships has been overseen and reported through the Council's existing officer and Member governance arrangements including Senior Management Team, Executive, Health and Wellbeing Board and Health Scrutiny Committee. This report does not seek to reiterate the rationale, strategy or approach to integration but focuses, at the request of Audit Committee, on the assurance frameworks across these partnerships and in particular how these interact with Council assurance arrangements.

2. Governance Overview

- 2.1. The key partnerships through which health and social care functions are being integrated across Manchester are MHCC and MLCO. Given the scale of integration and collaboration; the range of partners; and the different legal and accountability frameworks in place across health and local government these are complicated arrangements.

MHCC

- 2.2. The principles underpinning the establishment of MHCC were agreed prior to 1 April 2017 but from that date it has been operating as a partnership between the Council and Manchester CCG. These principles are set out through a Section 75 Partnership Agreement that guides the role, functions, governance arrangements and operation of MHCC.
- 2.3. In summary these principles were that MHCC would lead the commissioning of health, adult social care and public health services in the City but that the statutory accountabilities and delegations within the social care and public health roles of the Council's Director of Adult Social Services (DASS) and Director of Population Health and Wellbeing, whilst taken jointly with the MHCC Executive Team and Board, remain with the Council.
- 2.4. The role of the DASS was incorporated into the wider role of the Executive Director of Strategic Commissioning. Following the departure of the

postholder, the Director of Adults Services (DAS) is acting up as the Interim DASS with the future arrangements being reviewed to identify how Council leadership capability can be most effectively and appropriately deployed to support the achievement of priorities and the continued exercise of appropriate delegations and statutory accountabilities.

- 2.5. The creation of MHCC has been complex and in particular the risks and uncertainty over the VAT implications for the Council that could arise from the delegation of commissioning functions to Manchester CCG has impacted on the ability to deliver integration in the way originally envisaged.
- 2.6. The key components of the governance and accountability structure for MHCC are:
 - Minimal reservation of some required functions to Manchester CCG Governing Body. There are some requirements of the NHS that cannot be discharged through the partnership, such as audit and remuneration functions. These remain with the CCG.
 - MHCC Board with representation of two Executive Members and four senior officers from the City Council alongside CCG Executives, GP Members and Lay Members.
 - MHCC Board Sub Committees that support the Board including Governance and Finance Committees.
 - MHCC Executive Team comprising the Executive Officers for MHCC including the MHCC Chief Accountable Officer and the Council's Director of Population Health and Wellbeing and Interim DASS.
- 2.7. Governance arrangements were refreshed and strengthened in Autumn 2018 following learning from the first year of operation; internal audit work from the Council and CCG auditors; a Board development review; and feedback from individual Board and Committee members. Development included establishment of a Strategy Committee co-chaired by Councillor Craig, revised terms of reference and standard reporting from all committees to the Board; review of the MCCG Scheme of Delegation; and development of a forward plan for Board meetings.
- 2.8. The operation of MHCC and the respective roles, responsibilities and accountabilities of partners are set out in a Partnership Agreement, underpinned by a Financial Framework (see appendix one), governance structure (see appendix two) and the MHCC Operational Plan.

MLCO

- 2.9. Manchester Local Care Organisation (MLCO) was established for the delivery of commissioned health and care services across the City.
- 2.10. MLCO is not a formal partnership. Instead, partners across the health and care system in Manchester are signatories to a Partnering Agreement, which is intended to be legally binding. The relevant parties to the agreement are Manchester CCG; the Council; Manchester Foundation Trust (MFT);

Manchester Primary Care Partnership (MPCP); and GM Mental Health NHS Foundation Trust (GMMH). This commits all parties to a ten year agreement for delivery of the MLCO agenda and the transformation of out of hospital services. This was signed on 1 April 2018, at which point MLCO was established.

- 2.11. The Partnering Agreement established MLCO as an organisation, however it is not a statutory body or legal entity but a virtual organisation responsible for the delivery of these services. It is hosted by and has reporting and assurance accountabilities for the delivery of health services through to MFT.
- 2.12. Statutory responsibilities for adult social care services, whilst delivered virtually through the MLCO remain with the Council through the statutory role of the Director of Adult Social Services (DASS) although the delivery of adult social care through the overall remit of the MLCO was codified through a Service Level Agreement which is one of the schedules to the Partnering Agreement.
- 2.13. The key components of the governance structure for MLCO illustrated in appendix three are as follow:
 - Partnership Board comprised of the signatories to the Partnering Agreement providing oversight and accountability for the MLCO. The Board includes two seats for City Council representation.
 - MLCO Executive Team comprising the officers responsible for the discharge of functions. This includes the DAS.
 - The governance below MLCO Executive Team is largely reflective of the governance that exists within NHS Trusts, albeit nuanced to reflect the position of MLCO as an integrated care organisation. This includes committees, groups and boards that cover areas including quality and safety; accountability; and finance, contracting and performance.
- 2.14. The operation of MLCO and the respective roles and responsibilities of partners are set out in the Partnering Agreement and this is underpinned by the MLCO Business Plan.

3. Assurance Framework

- 3.1. Given the complexity of the arrangements and breadth of partners engaged in the commissioning and delivery of health and care services across the City, as well as restrictions around the delegation of functions and statutory accountabilities, there is unsurprisingly a high level of complexity to the associated assurance frameworks for the two partnerships and the governance interfaces and reporting into the respective partners.
- 3.2. There are various aspects of the assurance framework both within the Council, within the partnerships and within other partners which are summarised below.

4. City Council Governance and Assurance

- 4.1. The partnership accountabilities, roles and responsibilities of the Council are set out in the MHCC Partnership Agreement and the system-wide Partnering Agreement. These confirm the representation of Council Members and officers on the Boards and sub committees of the partnerships.
- 4.2. The Council's current representation on the MHCC Board comprises the Deputy Leader (Councillor S Murphy); Executive Member (Councillor Craig); Chief Executive; City Treasurer; Interim DASS; and Director of Population Health and Wellbeing (in his role as Director of Public Health).
- 4.3. Each MLCO partner organisation has two members and one vote on the MLCO Partnership Board. The Council's Head of Reform and Innovation attend the Partnership Board with the second place on the Partnership Board is to be confirmed following changes in the Council's Strategic Management Team. The Executive Member (Councillor Craig) also attends the MLCO Board in her capacity as an MHCC Board Member. In addition, the DAS is a member of the MLCO Executive Team.
- 4.4. The Board representation is essential not only to guide the strategic development and oversight of the operation of the partnership but to support decision making on social care and other functions that remain the statutory responsibility of the Council. Other officers including the Head of Finance and Head of Audit Risk Management also represent the Council on MHCC Board Sub Committees including the Finance and Governance Committees.
- 4.5. This engagement in the governance and decision making structures of MHCC and MLCO provide a level of assurance that the strategy, operation and performance of the partnership is aligned with Council priorities, objectives and statutory duties.
- 4.6. Risks to Council and Directorate objectives are captured internally through the Adults Services Risk Register. The most recent iteration of this risk register is appended to the Adults Services Business Plan for presentation to Health Scrutiny Committee on 5 February 2019. The highest level risks and associated assurance and proposed actions are also capture in the Corporate Risk Register to be presented to Audit Committee in March 2019.
- 4.7. In addition to business plan risks the Director of Adults Services and Director of Population Health and Wellbeing maintain their own internal arrangements for managing risks to the achievement of service delivery priorities, quality assurance, standards and safeguarding. The oversight and reporting of the management of these risks is through line management arrangements including reporting to the Chief Executive and the Executive Member for Adult Health and Wellbeing.
- 4.8. Council budgets and spend are not currently delegated to MHCC or MLCO. At present due to VAT implications, the Council cannot delegate statutory and financial functions to the CCG in relation to Council's contribution to the

pooled budget. The Financial Framework set out how the pooled budget will support the single commissioning arrangements within each organisation's constitutional and statutory requirements.

- 4.9. In order to enable MHCC to carry out effective day to day decision making it was agreed that the City Treasurer would authorise the MHCC Chief Financial Officer (CFO) to carry out certain statutory functions and to undertake a Deputy S.151 type role for the pooled budget. Whilst the City Treasurer cannot delegate her overall responsibility for ensuring lawfulness and financial prudence of decision making and administration of the financial affairs, the MHCC CFO can be authorised to carry out approvals of expenditure in connection with adult social care and public health. The approval limits are set out within the Financial Framework and are up to the level at which the Executive Member would be involved and/or key decision threshold and within the delegated powers of the statutory roles held by the DASS duties and Director of Population Health and Wellbeing (DPH duties). These do not however provide a general delegation for the MHCC CFO to act on behalf of the City Treasurer
- 4.10. The statutory functions set out above are authorised by the City Treasurer to the MHCC CFO as an officer of the Council and cannot be further delegated to another individual within Manchester CCG.
- 4.11. The Council's Head of Finance for Adult Social Care and Children's Services is a member of the MHCC Finance Committee and provides a Business Partner role to support MHCC CFO undertake the statutory functions. The City Treasurer and Executive Member are also now members of this Committee to aid the alignment of decision making.
- 4.12. Further internal oversight of arrangements and assurance is provided through the oversight of Core Council support and professional functions including Legal Services, HROD and Finance. In addition to the Director of Adults Services (as DAS and Interim DASS), Director of Population Health and Wellbeing, MLCO Chief Executive and other Council and partnership officers report to the Health and Wellbeing Board and Health Scrutiny Committee and reports in the last six months have included:
 - Better Care Fund 2018/19: Health and Wellbeing Board 31 October 2018;
 - Prepaid Financial Cards – Adult Social Care (MLCO): Manchester City Council Health Scrutiny Committee 6 November 2018;
 - MHCC Pooled Budget 2019/20 including Adult Social Care: Manchester City Council Health Scrutiny Committee 4 December 2018 and 5 February 2019;
 - MLCO Update Report: Health and Wellbeing Board 23 January 2019 and Manchester City Council Health Scrutiny Committee 5 February 2019.
- 4.13. Independent assurance over arrangements is provided through the ongoing assessment of governance, risk management and control arrangements provided through a programme of internal audit work agreed by the Council's

Audit Committee. Further external oversight is provided by regulators and inspectors including NHS England, NHS Improvement and the Care Quality Commission.

5. Partnership Assurance Framework

- 5.1. In addition to the governance arrangements that focus on risks and assurance within the Council, there are also partnership level assurance arrangements that exist within both MHCC and MLCO.
- 5.2. Both MHCC and MLCO have governance arrangements as agreed through the s.75 Partnership Agreement and the Partnering Agreement, which include the board, committee and executive functions; and business / operational plans as described above. These governance arrangements have been approved by NHS England and are subject to independent assessment by regulators including the Care Quality Commission and NHS Improvement as well as NHS and Council internal audit teams.
- 5.3. The internal audit of Council functions discharged through MHCC and MLCO is delivered by the Council's own audit team. The functions of Manchester CCG discharged through MHCC as well as the Mental Health Trust are audited by Mersey Internal Audit Agency. For MFT the internal audit service, the scope of which includes the health functions delivered through MLCO, is provided by KPMG. The respective auditors report to the Council, Manchester CCG and MFT Chief Finance Officers and Audit Committees on the scope of annual planning and the outcomes of their work.
- 5.4. The constitution and governance of both partnerships also reflect the requirements of the NHS to maintain Board Assurance Frameworks. This framework includes a system and process for the identification, evaluation and assurance of key risks and these arrangements are reported up to Board level with comprehensive reporting of key risks and associated mitigation actions. For MHCC this includes regular oversight of strategic and corporate risks by Board and by the Governance Committee. For MLCO this is through the Executive Team and the Partnership Board.
- 5.5. In updating the Board Assurance Frameworks and risk registers, officers from across MHCC, MLCO and the Council have engaged to share risk strategies and approaches with the aim of ensuring appropriate alignment. For example, the Council's Head of Audit and Risk Management and Risk and Resilience Manager both attended the January MHCC Governance Committee risk session to contribute to a review of key MHCC risks and similarly will share the Council's corporate risk register with both MHCC and MLCO as part of this process of ongoing risk review.
- 5.6. These frameworks also include arrangements within MHCC for the monitoring of performance, quality and assurance as they are based on arrangements established through the CCG. For MLCO this integrated reporting dashboard is in development to align with MFTs integrated dashboard reporting as MLCO are accountable to the Council for Adult Social

Care, not MLCO's wider health functions. There remains a challenge to ensure a fully integrated approach to assurance through these mechanisms as they have tended to focus on health services rather than social care, although these arrangements are developing further as the partnerships evolve.

6. Further Developments

- 6.1. There are some areas acknowledged for further development in the current assurance arrangements that reflect the evolution of the partnerships and the requirements of key stakeholders.
- 6.2. Liaison between the respective auditors of the Council, Manchester CCG, MFT and GMMH has identified benefits of further and more effective liaison. This has worked well in some areas, for example in the coordination of governance audit work in MHCC in 2018/19 where the audit teams shared their respective plans and reports to enable a broader understanding and assessment of assurance. There have been a couple of examples however where this liaison has proven less effective and as a result the teams have committed to develop principles and protocols for internal audit work to ensure that they and the respective partners are fully aware of the scope and outcomes of audit work and can engage effectively in this process. This may include joint delivery of internal audit work where risks and controls plan systems and processes across partners. Similarly, recent liaison between MLCO, KPMG and officers from the Council's audit team has helped clarify respective proposals for planned governance audits for which the scope and outcomes of work will be shared.
- 6.3. To assist in the assessment of key sources of assurance across the partnerships, the Council's Internal Audit team will develop a high level assurance map in conjunction with the Director of Adults Services and Director of Population Health, so that the overall sources of assurances across the partnerships and in particular assurances required by the Council over the discharge of statutory duties can be captured and reported on.
- 6.4. As noted above MLCO is continuing to further develop the Board Assurance Framework to include an integrated dashboard in line with MFT arrangements.
- 6.5. In terms of Adult Social Care, the Director of Adults Services is aware of a number of areas for further improvement, including areas highlighted to Audit Committee through Internal Audit work. A programme and plan of development has been developed in consultation with health partners and forms a key element of the Directorate business plan for 2019/20 as presented to Health Scrutiny Committee in February 2019.

7. Conclusion and Recommendation

- 7.1. The assurance frameworks across health and social care in Manchester have been established based on the MHCC Partnership Agreement and the

Partnering Agreement with health partners via MHCC and MLCO. These arrangements continue to develop and are subject to ongoing review as the partnerships and the 'in-scope' services continue to evolve.

- 7.2. Audit Committee is requested to note the current assurance framework, planned developments and consider any further assurances required in discharging its assurance role within the City Council.