

CABINET

DATE	15 January 2025
REPORT OF	Councillor Philip Jackson, Leader of the Council and Portfolio Holder Economy, Regeneration, Devolution and Skills
RESPONSIBLE OFFICER	Carolina Borgstrom – Director for Economy, Environment and Infrastructure
SUBJECT	Equans Review
STATUS	Open with the exception of Appendices 1 and 2 which are exempt under paragraphs 3 and 4 of Schedule 12A to the Local Government Act 1972

FORWARD PLAN REF NO CB 01/25/01

CONTRIBUTION TO OUR AIMS

The Council has two strategic priorities – stronger economy and stronger communities. The Partnership with Equans contributes to the Council's strategic aims through the delivery of a range of technical and professional services that underpin the ambitions of stronger economy and stronger communities.

EXECUTIVE SUMMARY

In accordance with Cabinet's decision of 14th February 2024, this report provides an update on the current status of implementing the strategic and operational delivery model for Equans services, prior to the termination of the contract on 30th June 2025.

RECOMMENDATION

It is recommended that Cabinet:

1. Notes the progress made to date.
2. That due to the assurance received, Cabinet reaffirms the delegations already made in that the Director for Economy, Environment and Infrastructure, in consultation with the Leader of the Council, is to continue to oversee the strategic and operational aspects in the implementation of the proposed delivery model.

REASONS FOR DECISION

The proposed delivery model was set out in the closed appendix of the report to Cabinet on 14th February 2024. Since its approval by Members, officers have been working alongside Equan's senior leadership team to implement the decisions.

The report and appendix 1 (closed report) outlines the governance set up, progress made to date, the challenges and risks encountered and outlines the next steps.

1. BACKGROUND AND ISSUES

Delivery Model

- 1.1 At Cabinet on 14th February 2024, Cabinet endorsed the delivery model approach as set out in the closed appendix. Implementing the recommendations arising from the review provided an opportunity for the Council to reshape key services to align to Council priorities and meet the future needs of our residents and place.
- 1.2 Subsequent to this decision, reviews were held for Security/CCTV and street enforcement services as these contain an element of external service provision and the latter includes a service contract provided by another local authority for litter. Business cases for both reviews were prepared, and the proposed recommendations were considered and subsequently supported by the Equans Scrutiny Working Group and Communities Scrutiny Panel. The recommendations from both reviews have been enacted under officer delegated decisions, in accordance with delegated powers from Cabinet on 14th February 2024.
- 1.3 To manage and deliver the new delivery model, new governance arrangements have been established. These are set out below.

Governance Arrangements for the Delivery of the New Delivery Model

- 1.4 Under the contract, North East Lincolnshire Council and Equans set up a transitional Exit Board in May 2024, with the formal Exit Board coming into operation from 1st July 2024 (one year before contract exit). The Exit Board has initially met monthly and has equal membership from Equans and Council. The meeting frequency will increase to fortnightly from 2025. The purpose of the Exit Board is to oversee the exit of the contract; agree a work programme; and discuss any areas of concern. Multiple workshops and requests for information have been used to discuss the integration of Equan's services into North East Lincolnshire Council from July 2025.
- 1.5 The Exit Plan, which sets out the basis for exiting the contract, was agreed by the Exit Board on 14th August 2024. Appendices to the exit plan set out the list of transferring assets; novating and non-novating agreements; transferring posts; analysis of pipeline projects; annual pension details statement; and other key documentation. Equans provides an update on changes to the appendices on a monthly basis to the Exit Board.
- 1.6 The Council has established an internal Strategic Board and six thematic groups which are tasked with ensuring that the transition phase runs smoothly. The groups are Operations and Performance; People and Pensions; Data and Systems Transfer; Property, Assets, Supply Chain and Contracts; Finance; and Communications. These thematic groups undertake work in accordance with a project plan set out by Commercially Public, who were appointed as an external specialist supplier, given the scale of the project, to provide a framework for project governance and challenge at three Gateway points in the project. These Gateway Reviews critique progress made to date, highlight risks and mitigations, and sets out an action plan for the next few months.

- 1.7 Commercially Public undertook their second Gateway Review on 22nd July 2024, which confirmed that progress is on track and set out an action plan until the end of the year. A third Gateway Review will be held on 13th January 2025. In addition to reviewing progress against the second action plan, this third Gateway Review will focus on preparations for day one delivery. Feedback from this third Gateway Review will be presented back to Leadership Team and the Equans Scrutiny Working Group.
- 1.8 The Equans Scrutiny Working Group has been set up by Cabinet to have overview and scrutiny of the transition arrangements of the new delivery model. It will feedback comments and recommendations for changes to Cabinet, through the Communities Scrutiny Panel, as required. This working group has met twice so far and has agreed an initial work programme for the remainder of the current municipal year, albeit this is subject to change as required. At its first meeting on 10th July 2024, the working group considered business cases for Security/CCTV and street enforcement. On 9th October 2024, the working group considered the second Gateway Review report, as well as discussing proposed key performance indicators, proposed staff structures post Exit, and the project plan. At future meetings, the Working Group will be considering TUPE arrangements; proposed budget envelopes post July 2025; contract novation and procurement arrangements; capital projects handover; and day one delivery arrangements.
- 1.09 The Audit and Governance Committee has met twice (18 April and 7th November 2024) to review the governance arrangements used for the current delivery model with Equans and the proposed new delivery model. The Committee has asked the Internal Audit Team to provide assurance on the governance arrangements in place for the transfer of services provided by Equans to the Council by July 2025. This audit will commence in January 2025.
- 1.10 Further in-depth explanation of the work of the strategic groups and thematic groups, risks and challenges, and next steps are set out in appendix 1 (closed report).

Summary

- 1.11 It is important to ensure that service delivery is maintained during the transition phase and thereafter beyond that date with minimal disruption to staff and service users. The above governance arrangements allow officers to manage the implementation of the new delivery model alongside the Senior Leadership Team from Equans.
- 1.12 The project is also subject to external review through the Gateway Reviews from Commercially Public; monitoring of the delivery arrangements through the Equans Scrutiny Working Group, with recommendations to Cabinet; and reviews of the governance arrangements by the Audit and Governance Committee.

2. RISKS AND OPPORTUNITIES

- 2.1 The proposed approach provides an opportunity for the Council to reshape key services to align to Council priorities and better meet the needs of residents.

- 2.2 The new delivery model aims to enhance communication between service areas, achieve efficiencies through more integrated working and provide more seamless service delivery for residents.
- 2.3 The Council has not previously completed a service review of this scale and have limited experience of TUPE transfer, which creates challenges with capacity. This risk is being mitigated by utilising external specialist support and increasing change management capacity.
- 2.4 There is a risk of reduction of service quality or continuity during implementation of the change. This risk will be mitigated by joint exit planning with Equans and dedicated Council resource to monitor service quality during change.
- 2.5 There is a risk that staff eligible for TUPE transfer within Equans may seek opportunities in other parts of their business or private sector, thus avoiding transfer to the Council. A dedicated staff communication plan is in place to mitigate this risk. Regular staff briefings are being arranged with staff, in particular to outline the proposed team structures and processes for TUPE.

3. OTHER OPTIONS CONSIDERED

- 3.1 None – Cabinet requested an update report six months prior to contract expiry on 30 June 2025.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 The management, staff, and trade unions at Equans and North East Lincolnshire Council are being kept fully informed during the transition process and formal consultation has now commenced ahead of TUPE transfer. Staff briefings are being held to highlight key issues, including proposed staff structures post 1 July 2025. Equans hold monthly information briefings for their staff and have spoken to individual teams about the review. Questions and answers from staff of both organisations are being published on the intranet.
- 4.2 Key contractors and stakeholders will be kept well informed throughout the process. Notifications will be sent in accordance with agreed timescales.

5. FINANCIAL CONSIDERATIONS

- 5.1 The expectation for the insourcing to, as far as possible, be delivered without an increase in the overall budget envelope was set by the original Cabinet decision. The Finance Thematic Group has approached their tasks in line with this principle.
- 5.2 The Finance Thematic Group has been tasked with producing budget profiles for each service area operated by Equans. This will include staff costs, contractual and asset costs, and other costs.
- 5.3 Detailed salary levels and local pension membership has been obtained through

the TUPE data. This is being refreshed on a quarterly basis, with any changes to staffing highlighted.

- 5.4 Opportunities to deliver future service efficiencies through more integrated teams are being explored. This could take advantage of synergies between staff roles in different teams across the two organisations. For example, the development of a joint enforcement team.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1 The services delivered by the current arrangements are wide ranging and impact the regeneration and quality of place that our children and young people live in.
- 6.2 Some services affected by this review such as facilities management of school buildings, school crossing patrols and road safety are essential services to ensure that children and young people are kept safe. Ensuring these services, as well as other services designed to improve our place, continue to be delivered to high standard will benefit all children and young people.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 The recommended strategic and operational delivery model will enable the authority to focus service delivery on its environmental priorities by:
- Leading North East Lincolnshire towards consuming resources more efficiently and supporting and developing the green economy and infrastructure.
 - Recognising and realising the economic and social benefits of a high-quality environment.
 - Working towards a low carbon North East Lincolnshire that is prepared for, and resilient to, the impacts of climate change.

8. CONSULTATION WITH SCRUTINY

- 8.1 The Equans Scrutiny Working Group is meeting bi-monthly and reviewing key elements of the project relating to the implementation of the new delivery model.
- 8.2 Different Scrutiny Panels are also involved in reviewing the operation and performance of various Equans services under the current arrangements, and these reviews will continue throughout the interim period until the new delivery model comes into operation on 1st July 2025. Panels will thereafter need to determine scrutiny oversight of the individual service areas affected by the new arrangements after 1st July 2025.

9. FINANCIAL IMPLICATIONS

- 9.1 Based upon work undertaken by the Finance Workstream to date, it is still anticipated that delivery of the range of services within the current contract can be contained within the existing contract fee envelope. There are a range of risks and opportunities arising from proposed delivery model and these are being worked through as part of the transition.

10. LEGAL IMPLICATIONS

- 10.1 The delivery model approach was endorsed by Cabinet on 14th February 2024.
- 10.2 The report provides a timely narrative setting out progress, as per the Cabinet recommendations.
- 10.3 It is accepted as reasonable for such progress to be considered by Scrutiny, in advance.
- 10.4 Legal Services will continue to support in terms of the legal and contractual implications.

11 HUMAN RESOURCES IMPLICATIONS

- 11.1 The reshaping of the services outlined in this report may have HR implications for Council staff. Employment matters will be dealt with in accordance with established HR procedures in order to achieve the proposals identified during the transformation review. Any decisions taken which may include redundancy will be subject to the appointments committee process. Staff will need to be informed of the reshaping of services and proposals being considered prior to any public announcements or public decisions. Staff will need to be kept engaged throughout the respective processes with consultation as appropriate in accordance with the procedural and legal requirements.

12 WARD IMPLICATIONS

- 12.1 The services delivered by Equans impact on all Wards within the Borough.

13 BACKGROUND PAPERS

Cabinet – 5th June 2019 – Regeneration Partnership Review (Closed Report)

Cabinet – 6th November 2019 – Regeneration Partnership Review (not available on website)

Cabinet – 9th December 2020 – Future Delivery of the Regeneration Partnership Services (Closed Report)

Cabinet – 14th February 2024 – Equans Review (Open Report, Closed Appendix)

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