

AUDIT AND GOVERNANCE COMMITTEE

DATE	7 th November 2024
REPORT OF	Carolina Borgstrom – Director for Economy, Environment and Infrastructure
SUBJECT	Equans Review – Review of Partnership Governance
STATUS	Open Report.

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

On 14th February 2024, Cabinet agreed a new delivery model for Equans services beyond 1st July 2025.

At Audit and Governance Committee on 18th April 2024, Members received a report and closed appendix which set out the current partnership governance arrangements in place until 30 June 2025 and the proposed project delivery and governance arrangements which would be utilised during the transition phase.

This report provides an update on how those governance arrangements have been set up and are being delivered.

RECOMMENDATIONS

The Committee is asked to consider and note the contents of this report.

REASONS FOR DECISION

Under its terms of reference, the Committee is required “to monitor and keep under review the Council’s arrangements for partnership governance.” This report will provide an update on the governance arrangements that are in place for the Equans Review.

1. BACKGROUND AND ISSUES

- 1.1 The Regeneration Partnership with Equans (formerly Balfour Beatty) commenced on 1st July 2010 for an initial ten-year period, with the option to extend the arrangement by up to five years. The contract was extended initially for two years, but in December 2020, the Council agreed to extend the contract for the remaining three years allowable. The contract will therefore end on 30th June 2025.
- 1.2 The partnership covers a number of services including Highways and Transport, Strategic Planning, Development Control, Planning Enforcement, Building Control, Facilities Management, Security, Design Services and Housing Enforcement.

- 1.3 The services which Equans currently provides cost £13m per year, as well as an annual variable fee for pay as you go services. This ranges from £5m to £10m per year.

Maintaining Current Service Delivery

- 1.4 Equans deliver services in accordance with agreed service schedules and instructions for pay as you go services. Performance is measured against agreed key performance indicators (KPI's). If any changes to service delivery are required, change request forms are completed and mutually agreed.
- 1.5 Performance continues to be monitored through monthly Equans Operational Board and bi-monthly Equans Strategic Board meetings. Elected Members monitor performance through KPI's which are presented to Cabinet and Scrutiny Panels on a quarterly basis as part of the quarterly performance and finance reports. Scrutiny can undertake service reviews on agreed topics. Audit and Governance Committee conduct internal audits about key services and receive assurance updates around governance arrangements.

New Delivery Model – Governance and Partnership Arrangements

- 1.6 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 meets monthly and has equal membership from Equans and Council. The purpose of the Exit Board is to oversee a smooth transition to contract close. Meetings are chaired alternately by Jason Papprell (Equans Partnership Director) and Carolina Borgstrom (Director for Economy, Environment and Infrastructure - NELC).
- 1.7 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 documentation.
- 1.8 The Council has established a Strategic Board and six thematic groups which are tasked with ensuring that the transition phase runs smoothly. These continue to meet at least monthly and undertake work in accordance with the project plan set out by Commercially Public.
- 1.9 Commercially Public has been engaged by the council to support the process and, in July, they undertook a second Gateway Review which confirmed that progress is on track and set out an action plan for the next few months. This feedback report was presented to the Equans Scrutiny Working Group on 9th October 2024. 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 day one delivery.
- 1.10 An Equans Scrutiny Working Group has been set up to have overview and scrutiny of the transition arrangements of the new delivery model. This group has met twice so far and has agreed a work programme for the remainder of the

current municipal year. 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.

- 1.11 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 project internally.
- 1.12 The project is also subject to external review through the Gateway Review from Commercially Public; monitoring of the delivery arrangements through the Equans Scrutiny Working Group, with recommendations to Cabinet; and oversight of the governance arrangements by the Audit and Governance Committee.

2. RISKS AND OPPORTUNITIES

- 2.1 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 the provision of dedicated Council resource to monitor service quality during the interim period.

3. OTHER OPTIONS CONSIDERED

- 3.1 Not Applicable.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 There are no specific reputational or communications issues associated with this report.
- 4.2 The management, staff, and trade unions at Equans and North East Lincolnshire Council will be involved throughout the transition process. Key contractors and other stakeholders will also be kept informed.
- 4.3 This will be monitored by the Equans Scrutiny Working Group.

5. FINANCIAL CONSIDERATIONS

- 5.1 There are a range of financial risks and opportunities arising from proposed delivery model agreed by Cabinet on 14 February 2024 and these are being worked through by the Finance Thematic Group as part of the transition plan.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

6. 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 services delivered by the current arrangements includes key areas where coordinated action is required for the Council to reach the ambition of net zero by 2030. This includes Highways and Transport, Flood Management, Tree Services, Planning, Facilities Management and Utility Management. Enhanced strategic oversight through the amended 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. FINANCIAL IMPLICATIONS

- 8.1 As stated above, the precise risks and opportunities arising from the proposed delivery model are being worked through by the Finance Thematic Group as part of the transition plan. Financial reporting, financial planning, financial management, internal control and value for money will all form part of the Group's considerations.

9. LEGAL IMPLICATIONS

- 9.1 The terminal date is a matter of contract, as is the mutual exit planning alluded to above. Constitutionally, the remit of the Committee is to monitor and keep under review the Council's arrangements for partnership governance.

10. HUMAN RESOURCES IMPLICATIONS

- 10.1 TUPE is a matter of law, and as such an exit plan is in place to manage the HR aspects of the contract ending. In respect of this report, there are no direct HR implications as it is around monitoring and keeping under review partnership governance arrangements.

11. WARD IMPLICATIONS

- 11.1 The services delivered through Equans impact on all Wards within the Borough.

12. 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 January 2024 – Equans Review Cabinet | Democracy (nelincs.gov.uk) (Open report, closed appendix)

Audit Committee – 18th April 2024 - Equans Review – Review of Partnership Governance Audit & Governance Committee | NELC (nelincs.gov.uk) (Open report, closed appendix)

13. CONTACT OFFICERS

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