

# AUDIT AND GOVERNANCE COMMITTEE

<b>DATE</b>	18 <sup>th</sup> April 2024
<b>REPORT OF</b>	Carolina Borgstrom – Director for Economy, Environment and Infrastructure
<b>SUBJECT</b>	Equans Review – Review of Partnership Governance
<b>STATUS</b>	Open Report. Appendix <b>NOT FOR PUBLICATION.</b> Exempt under paragraphs 3 and 4 of Schedule 12A to the Local Government Act 1972

## 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 14<sup>th</sup> February 2024, Cabinet agreed a new delivery model for Equans services beyond 1<sup>st</sup> July 2025. This report and closed appendix will set out the current partnership governance arrangements in place until 30 June 2025, and also the proposed project delivery and governance arrangements which are required during the transition phase.

## RECOMMENDATIONS

The Committee is asked to consider and note the contents of this report and closed appendix from a governance perspective.

## 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 and closed appendix will provide assurance that the governance is being achieved for Equans.

### 1. BACKGROUND AND ISSUES

- 1.1 The Regeneration Partnership with Equans (formerly Balfour Beatty) commenced on 1<sup>st</sup> 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 30<sup>th</sup> 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 is required, change control requests are completed.
- 1.5 Performance is monitored through bi-monthly Strategic Board and monthly Operational 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. Service reviews are also undertaken on agreed topics. Audit and Governance Committee is able to conduct reviews and receive assurance around governance arrangements.

#### New Delivery Model – Governance and Partnership Arrangements

- 1.6 Under the contract, the Council and Equans are required to establish an Exit Board and agree an Exit Plan which provides a framework for ending the contract.
- 1.7 In addition, the Council has established a Strategic Board and six thematic groups which are tasked with ensuring that the transition phase runs smoothly. More details are provided in the closed appendix.
- 1.8 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.

## **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**

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 Review Scrutiny Working Group, which will meet regularly after the Annual General Meeting in May 2024.

## **5. FINANCIAL CONSIDERATIONS**

5.1 There are a range of 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 & Transport, Flood Management, Tree Services, Planning, Facilities Management and Utility Management. Enhances 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 – 5<sup>th</sup> June 2019 – Regeneration Partnership Review (Closed Report)

Cabinet – 6<sup>th</sup> November 2019 – Regeneration Partnership Review (not available on website)

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

Cabinet – 14<sup>th</sup> January 2024 – Equans Review [Cabinet | Democracy \(nelincs.gov.uk\)](#)

## **13. CONTACT OFFICERS**

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