

CABINET MEMBER DELEGATED DECISION 04 JULY 2022

Report title: Variation to the Internal Audit, Risk Management, Investigation and Advisory Services Contract – Design and Delivery of transformation and change programme for Children’s Services

Wards: All

Portfolio: Leader of the Council: Councillor Claire Holland

Report Authorised by: Fionna McDermott: Strategic Director for Finance and Investment

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Report summary

The Council commissioned PriceWaterhouseCoopers LLP (PwC) to provide the necessary advisory services to design, support and implement the new transformation and change programme to support Children’s Services. Following the initial commission, it has been identified that additional management support is required and PwC have been commissioned to develop and establish the new service. The new service will be a permanent addition to the establishment within Children Services.

The Council has an existing contract with PriceWaterhouseCoopers LLP (PwC) covering the provision of Internal Audit, Advisory Services and Anti-Fraud Services which runs to the 31 March 2024 at a current contract value of the contract of £2.830m.

Finance summary

The variation is for a total of £638,000, making the revised contract value £3.468m. The cost of the variation will be funded from earmarked reserves.

Recommendations

1. To approve the variation to the Internal Audit, Advisory Services and Anti-Fraud Services Contract with PriceWaterhouseCoopers LLP (PwC) for a value of £638,000 from a current contract value of £2.830m to an estimated contract value of £3.468m to design and implement a support structure for Children’s Services over February 2022 to September 2022.

1. CONTEXT

- 1.1. The Council's Internal Audit function is a statutory service which provides independent and objective assurance across the whole range of Council activities and in particular on the adequacy and operational effectiveness of the Council's governance, risk and control processes.
- 1.2. The procurement of the Council's current arrangements was led by the London Borough of Barnet together with the other lead group of Cross Council Assurance Service (CCAS) London Boroughs (London Boroughs of Lambeth, Barking & Dagenham, Enfield, Hammersmith & Fulham, Kensington and Chelsea, Waltham Forest, and Westminster) worked on a collaborative procurement exercise to secure provision of internal audit, assurance and advisory services.
- 1.3. Lambeth's current contractual arrangement through the CCAS framework comprises of four lots:
 - Lot 1 — Internal Audit.
 - Lot 2 — Advisory Services
 - Lot 3 — Risk Management; and,
 - Lot 4 — Anti-fraud Services

The contract arrangements commenced on the 1 April 2020 and runs to 31 March 2024.

- 1.4. This is a Gateway 3 Procurement report.

2. PROPOSAL AND REASONS

- 2.1. The London Borough of Lambeth needed support to design and implement transformation and change programme function for the Children's services directorate covering the areas of business and administrative support, programme and project management, and stakeholder engagement.
- 2.2. The Council commissioned PwC to undertake the assessment of current arrangements and identify issues, set out options with recommendations for improvements
- 2.3. The programme started in September 2021 and was scheduled for completion by the end of January 2022. The revised delivery timeline is to the end of July 2022
- 2.4. The Council has identified the need for continued and increased support in the Chief of Staff role to support the strategic Director of Children Services and the Directorate leadership team in the co-ordination and deliver of the directorate priorities and business plan, as well the need for a review and redesign of the Childrens' Social Care Procure to Pay process.
- 2.5. Key outcomes agreed as part of the deliverables are:
 - 2.5.1. Apply key changes to ways of working across the services and with other parts of the Council to improve how Childrens' Services functions as a directorate
 - 2.5.2. Provide support to the Childrens Leadership team through Chief of Staff support role.
 - 2.5.3. Continue the work in establishing an effective Childrens Services support function.
 - 2.5.4. Support the Strategic Director and Directors in the management of the directorate's delivery of the business plan and the coordination of resources to deliver that, in particular to support the delivery of the directorate's immediate priorities.

2.5.5. Work with the relevant stakeholders in the directorate and wider Council to enable seamless and timely delivery of all administrative processes for directorate and corporate governance.

2.5.6. Redesign of Lambeth Children's Social Care Procure to Pay functions.

2.6. This report seeks to vary the existing contract with PriceWaterhouseCoopers LLP (PwC) to provide the additional advisory services to design, support and implement the transformation and change programme function to support Children's Services as set out above.

2.7. **Contract Management**

The Council lead for Internal Audit and Counter Fraud Services is the Assistant Director Strategic Finance who is responsible for the Contract performance and management.

A governance group is in place comprising of the Chief Executive, Strategic Director (Childrens) and the engagement partner and engagement director from PwC which meets every fortnight and is responsible for monitoring performance, discussing and resolving issues, agreeing any variations to the agreed work programme and approving the product / milestone schedule components of the Supplier's fee for payment.

3. **FINANCE**

3.1 The variation is for a total of £638,000. This will be funded from earmarked reserves

3.2 The current contract value is £2.830m, incorporating this variation will increase this to £3.468m.

4. **LEGAL AND DEMOCRACY**

4.1 The Council has delegated the authority to enact this report's recommendations to the Strategic Director, Finance and Investment. Before exercising that authority, this paper should be reviewed by the Category Board.

4.2 The Public Contracts Regulations 2015 allow for the modification of contracts (which would include contracts called off a framework) without a new procurement procedure where, due to circumstances which a diligent contracting authority could not have foreseen, additional services have become necessary and where a change of contractor cannot be made for technical reasons such as requirements of interchangeability or interoperability with existing equipment without causing significant inconvenience or substantial duplication of costs for the contracting authority. The modification must not alter the overall nature of the contract and any increase in price must not exceed 50% of the value of the original contract.

4.3 This proposed key decision was entered in the Forward Plan on 14 March 2022 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. CONSULTATION AND CO-PRODUCTION

5.1 All relevant internal stakeholders have been consulted.

6 RISK MANAGEMENT

6.1 Identified risks and appropriate mitigations are set out within the agreed specification and service delivery agreements between the Council and PwC.

6.2 The main risks that impede on the successful delivery of this procurement and contract are:

Table 2 – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Disruption of service continuity	2	4	8	Variation with current provider enables quick mobilisation
2	Covid-19 impact	2	2	4	No disruption is anticipated with service delivery undertaken remotely
3	Brexit impact	2	2	4	No risk is anticipated

Key

Likelihood	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

7. EQUALITIES IMPACT ASSESSMENT

7.1 An EIA for the existing arrangements had been completed during the original procurement and the impact was found to be low. Subsequent variations have not altered the contract scope or deliverables,

8. COMMUNITY SAFETY

8.1 Not applicable

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 Under the arrangement the framework suppliers are committed to reducing their environmental impacts through travel avoidance, resource efficiency, waste avoidance and recycling supporting the Council's environmental targets.

Health

9.1 There are no Health considerations in this proposal.

Corporate Parenting

9.2 This report has no effects on the Council's corporate parenting duties/responsibilities for Looked After Children (LAC) and Care Leavers

Staffing and accommodation

9.3 There are no staffing considerations in this proposal.

Responsible Procurement

9.4 The Council's Special Terms and Conditions in relation to Responsible Procurement have been Incorporated within the CCAS Frameworks Terms and Conditions, a summary of the supplier's commitments under the arrangements are detailed in the points below:

Good Quality Jobs with Fair Pay and Decent Working Conditions

9.5 Suppliers under the framework are London Living Wage employers.

Quality Apprenticeships, targeted Employment for Lambeth residents and Lambeth Priority Group

9.6 The arrangements incorporate support for young people from lower socio-economic backgrounds, together with the promotion of apprenticeship schemes and the review of existing schemes to provide local employment opportunities. There is commitment under the arrangements to support Mentoring Schemes, Volunteering Programmes, and Support for Social Enterprises.

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon by 2030

9.7 The suppliers are committed to reducing their environmental impacts through travel avoidance, resource efficiency, waste avoidance and recycling.

Single Use Plastics

9.8 The contract terms and conditions include commitment to reduce the use of single use plastics.

Positive Health and Wellbeing

9.9 Through the application of the contract, it is anticipated a number of social value outcomes will lead to improvements to the organisation in areas such as Health and Wellness, Community and Connectivity.

Other Offers (Innovation)

9.10 The proposals received offer support to be a community partner/support specialist charity within the borough. The internal audit provider has proposed the provision of career tours/event at their offices for young people who attend Lambeth youth centre programmes.

10. TIMETABLE FOR IMPLEMENTATION

10.1 The timetable of activity is detailed below:

Activity	Proposed Date
Publication on Decisions online	24.06.2022
End of call-in period	12.07.2022
Decision Approval Date	04.07.2022

AUDIT TRAIL

Consultation

Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Claire Holland Leader	Leader	27.01.22	28.02.22	
Andrew Travers Chief Executive	Chief Executive	27.01.22	28.02.22	
Fiona Connolly Interim Strategic Director	Children Services	27.01.22	04.04.22	
Fionna McDermott, Strategic Director	Finance and Investment	25.01.22	27.01.22	
Christina Thompson, <i>Director</i>	Finance and Property	25.01.22	27.01.22	
Michael O'Hara <i>Senior Contracts Lawyer</i>	Legal and Governance	20.01.22	20.01.22	
Maria Burton Democratic Services Officer	Legal and Governance	20.01.22	26.01.22	
Malcolm DeVela, Category Manager	Finance and Property/Procurement	20.01.22	20.01.22	

REPORT HISTORY

Original discussion with Cabinet Member	July 2021
Report deadline	N/A
Date final report sent	
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	Yes
Date first appeared on forward plan	14.03.22
Key decision reasons	Expenditure in excess of £500,000
Background information	Internal Audit, Risk Management, Investigation and Advisory Services Contract

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:

Signature:

Date:

Post:

Hamant Bharadia,
Assistant Director of Finance, Finance and Investment

I approve the above recommendations:

Signature:

Date:

Post:

Christina Thompson
Director of Finance and Property

Any declarations of interest (or exemptions granted): None

Any conflicts of interest: None

Any dispensations: None