



Oversight and Governance

Chief Executive's Department
Plymouth City Council
Ballard House
Plymouth PL1 3BJ

Please ask for Jamie Sheldon
T 01752 668000
E jamie.sheldon@plymouth.gov.uk
www.plymouth.gov.uk
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CABINET – SUPPLEMENT PACK

Monday 9 September 2024
2.00 pm
Council House, Plymouth

Members:

Councillor Evans OBE, Chair

Councillor Laing, Vice Chair

Councillors Aspinall, Briars-Delve, Coker, Dann, Haydon, Lowry, Penberthy and Cresswell.

Members are invited to attend the above meeting to consider the items of business overleaf.

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Tracey Lee

Chief Executive

Cabinet

- 12. Delt Contract (Pages 1 - 26)**
- 14. Chair of Audit and Governance Update (Pages 27 - 30)**

Cabinet



Date of meeting:	09 September 2024
Title of Report:	Delt Contract Renewal
Lead Member:	Councillor Sue Dann (Cabinet Member for Customer Services, Sport, Leisure and HR and OD) Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Service Director for Finance)
Author:	Peter Honeywell (Transformation Architecture Manager)
Contact Email:	Peter.honeywell@plymouth.gov.uk
Your Reference:	
Key Decision:	Yes
Confidentiality:	Part I - Official

Purpose of Report

To consider the options and recommendation for the future provision of IT, payroll and print and document services currently delivered by Delt Shared Services.

Recommendations and Reasons

1. To delegate authority to renew contracts with Delt for 10 years to the Council's Section 151 Officer
2. To note there are three contracts being renewed; ICT, printing and document handling, and payroll provision.

Alternative options considered and rejected

1. Bring services back in house – rejected as a result of the impact this change would have on service delivery as well the increase in risk and cost to the Council.
2. Let a contract to a commercial 3rd party for these services – rejected after market testing revealed that potential savings available to PCC would be more than offset by the cost of procurement, the increased cost of clienting and the likely cost of change controls through the contract lifetime.
3. Let a 2 year contract to Delt as an interim position – rejected following discussions with Delt and other partners in the business who are all committed to working to exploit the long term benefits of sharing.

Relevance to the Corporate Plan and/or the Plymouth Plan

Delt was set up as a shared service with the local NHS commissioning function as part of the Council's Family of Companies. Since then Cooperation has remained a core tenant of the Corporate Plan and renewal of the contract with Delt, and their other partners, will continue to reinforce that commitment. Delt was set up and continues to be managed to deliver a growing business providing high value jobs and training whilst also providing high quality and good value in the services it offers to Plymouth City Council

and other clients. The scale and relationships that Delt has built up has given the Council a stronger voice with key IT suppliers. Delt has also prioritised sustainability across all the services it delivers.

Implications for the Medium Term Financial Plan and Resource Implications:

The contract costs, including impact of indexation, have been modelled for 2025/26 and future years. The additional cost can be met within the budget uplift already included in the MTFP for 2025/26, with the assumption that IT recharges to grant funding will offset current pressures within the IT budget. Costs will need to be remodelled annually to reflect CPI forecasts to ensure that any changes to costs are accurately reflected in budget decisions. The annual costs of ICT provision are currently £7.8m. Adding in the other two services brings the total contract spend to an annual £9.2m. The cost of providing these services is included in the current budget and have been modelled into the five-year Medium Term Financial Plan.

Financial Risks

Key risks:

1/. The exit of another partner from the business leaves Delt with higher overhead costs and fewer resources to deliver services to PCC. This risk is mitigated to some extent by break clauses in the PCC contract that allows the Council to exit the contract if another partner chooses to leave.

2/. The Council is highly dependent on the availability of IT in order to deliver for the residents, visitors and businesses of Plymouth. A cyber attack or other crippling system outage would have significant financial, customer service and reputational impact. Note this risk applies to all other options for future service delivery.

3/. The nature of global supply chains for IT products means that inflation in that market is driven by international events. This could result in a future spike in prices for laptops, servers and other hardware. Note this risk applies to all other options for future service delivery.

4/. Inflation rates for IT skills could create upward pressure on Delt's annual unitary charge, or threaten Delt's ability to retain key skills and staff. A possible mitigation to this risk would be to request a fixed price arrangement for the deal term, however this would lead PCC certainly overpaying in the initial years of the contract and Delt having to price in a risk premium to cover the uncertainty over the longer term.

Carbon Footprint (Environmental) Implications:

Delt have committed to sustainability as a means to drive their business. They have achieved a carbon positive print service – meaning it absorbs more carbon than it emits. Over the lifetime of this contract Delt will continue to work to achieve net zero across all their services and share their successes and innovation with the Council

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Delt operate as a separate company from the Council, although the Council is part owner. Delt's practices around equality and discrimination allow for all voices to be heard, strive to eliminate bias in decision making and provide inclusive and accessible facilities for all.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		1	2	3	4	5	6	7
A	IT, Payroll and Print Services business case							
B	Equalities impact assessment							
C	Climate impact assessment							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	1	2	3	4	5	6	7
Financial analysis options appraisal			X				

Sign off:

Fin	DJN. 24.2 5.07 6	Leg	LS/0 0003 197/ 13/L B/30/ 08/2 4	Mon Off	LS/0 0003 197/ 13/L B/30/ 08/2 4	HR		Assets		Strat Proc	HG/PS/7 49/CP/08 24
Originating Senior Leadership Team member: David Northey (Service Director for Finance – S151 Officer)											

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 29/08/2024

Cabinet Member approval: Cllr Sue Dann - Cabinet Member for Customer Services, Sport, Leisure and HR and OD and Cllr Mark Lowry – Cabinet Member for Finance

Approved via Email

Date approved: 16/08/2024

DELT SERVICES RENEWAL

Business case and rationale



Purpose of Report

This case provides Cabinet with recommendation on the way forward for the renewal of the services currently contracted for delivery to the Council from Delt Shared Services Ltd. The services covered are: IT operations, Payroll & Pensions and Print & Document Services. The contract for these services is due to expire at the end of September 2024, the new contract will commence from October 2024.

Summary Recommendation and Rationale

The conclusion of this case is to proceed with the recommendation to renew contracts with Delt Shared Services for another 10 years.

Delt is a unique and innovative operation that was established by Plymouth City Council in 2014 as a cooperative venture jointly with the local NHS Clinical Commissioning Group (now known as NHS Devon Integrated Care Board (ICB)). It operates with commercial freedom whilst at the same time the Council enjoys control over the company, in partnership with other shareholders. This ensures that Delt is well aligned with the Council's priorities and objectives. Appendix A details what Delt has achieved against the outcomes set out in the business case at formation.

The contract with Delt has been flexible enough to adapt to the constant evolution of IT. Over the last 10 years as the Council has invested in systems and processes to deliver services, Delt has had to increase spending on cyber security to protect our service delivery. In that time spending has risen to over 10 times the budget at the beginning of the contract.

Delt has also responded to the Council's drive to become carbon neutral by 2030. Delt has successfully reached a carbon positive state for the print and document service and is leading the way on waste and recycling in the IT service and a carbon audit to help target other areas of the business that can also be improved.

The Council benefits from much greater control and accountability for the spend and service delivery from Delt as compared to the in-house service prior to Delt. The contract between Delt and the Council defines service level agreements (SLA) and targets across a range of measures which are reviewed monthly. In the case of failing to hit an SLA, action plans are drawn up to ensure performance improves. PCC also have an investment cycle agreed for the maintenance and replacement of data centres, networks and other vital hardware. This ensures predictability of costs and a modern, secure and reliable IT operation to support service delivery for the people of Plymouth.

Alternative options have been considered in the development of this case: contracting with a commercial 3rd party; transferring the service back in-house and contracting with Delt for a shorter deal term. None of these options offers better value for money and/or a lower risk profile.

Benchmarking shows that the cost of service delivery under Delt is considerably below the UK average for local government. This analysis needs to be considered alongside evidence of the quality of service provided by Delt to help determine whether the lower cost is a result of good value for money or an indication of under investment. Over the last 12 months 91% of SLA metrics were hit with customer satisfaction averaging 97%.

The new contract amends the existing pricing mechanism to allow Delt to charge inflation linked (using the consumer prices index – CPI) cost increases on an annual basis for the services they themselves deliver. The last contract obliged Delt to absorb inflation on “non pass through” costs. Over the last few years IT costs have risen substantially more than consumer inflation and these cost increases have prevented Delt from making a profit. Any alternative delivery model for these services

would almost certainly require PCC to cover the cost of inflation or pay a substantial risk premium to a 3rd party.

Best fit model for Plymouth City Council

In 2014 the Council set up Delt Shared Services Ltd in partnership with the local Clinical Commissioning Group, now ICB. The company was founded to provide back-office services to the 2 founder shareholders and other public sector organisations within the region. Delt was also created to achieve a number of broader outcomes beyond the provision of back-office services to the Council. The business case set out the following objectives for the company:

- Reduce costs
- Support economic growth
- Reduce risk
- Improve service delivery
- Promote health and well being
- Drive the transformation agenda

Since its foundation in 2014 Delt's mission has been to "help people do amazing things". In this time, it has provided services supporting an estimated 18,000 public sector workers who in turn deliver services to around 1 million residents of the South West. It has also provided employment to 250 staff in an around Plymouth, the majority of staff employed by Delt are highly skilled and contribute significantly to the gross value added in the local economy. This level of local employment has also supported the city's agenda by creating and maintaining good quality jobs supporting tackling wider health and wellbeing determinants and therefore inequalities. A summary of the broader strategic outcomes delivered by Delt is provided in Appendix A to this document.

Recent analysis by independent consultants for another local authority has validated the benefits of the Delt model to public sector organisations in the South West. The analysis compared Delt against a commercial provider and also against a bilateral shared service. The recommendations were clear that Delt offered the following unique benefits:

- Retention of control of the IT environment and the ability to set architectural direction
- Minimise initial capital expenditure
- Access to a service provider with greater alignment with the criteria and requirements
- Regional services providing skills and employment within the SW region

As a shareholder PCC is entitled to purchase services from Delt via the Teckal procurement exemption. This legal exemption allows the Council to avoid competitive procurement exercises where it wishes to transfer services to or buy/renew contracted services from Delt. Teckal obliges the Council to exercise control over the company, via appropriate governance and thereby to treat Delt as if it were one of its internal directorates. The recommendation to award contracts to Delt in this paper would be achieved under the Teckal procurement exemption.

Flexibility

The Delt ownership model has allowed for unforeseen changes to be incorporated into the services Delt deliver to the Council over the last 10 years. With a long term contract, the adaptability offered by the Delt model prevents the Council being locked in. Examples of Delt's flexibility since 2014 include:

- Establishing recognition agreement for all staff within the company whether affiliated to a Trade Union or not

- Responding to the environmental crisis by embedding sustainability in all aspects of the business
- Reacting to the increased cyber threat by ensuring that IT security and data protection was invested in to keep pace with emerging best practise

It's not possible to predict what challenges will be faced over the next 10 years but the Council will be able to work with Delt to set objectives and priorities, with other shareholders, to ensure Delt continue to meet our needs.

Control and Accountability

The formality of a contract to define the services required by PCC and their cost provides the Council with a high level of control and accountability. Prior to the formation of Delt in 2014 capital investment in IT was reactive and irregular. Planning and budgeting for spend was very limited and as a result the profile of spending was erratic. Under the renewed contract capital will be forecast over a 3 to 5 year period and a maintenance schedule used to dictate when assets require replacement. The borrowing and revenue implications are forecast regularly as part of routine budget management.

The Council is also able to see what service it is receiving against the contract. Under the existing and new contract Delt provide a monthly report tracking service performance against a suite of measures and service level targets. The metrics focus on service quality and customer satisfaction with IT and payment accuracy with Payroll. Target service levels (SLAs) have been set against these metrics (where appropriate). The monthly report reviews performance across all metrics and interventions and actions are agreed where service fails to meet the SLA. Over the last 12 months customer satisfaction has averaged 97% and 91% of all metrics met or exceeded the SLA.

Alternative Options

There are a number of alternative delivery models available to the Council for these services:

1/. Transfer the services to be delivered by PCC

Whilst this option would provide the Council with full control over these services it is not recommended as it would be more expensive and create more risk than the option to renew contracts with Delt. For this reason, this option is not recommended.

The cost increases are in the following areas:

- One off transition costs of the services and the staff
- Ongoing additional management costs for these services within PCC
- Ongoing increase in pension costs for staff transferring back to PCC who are currently within the Delt defined contribution scheme

The risks introduced by this option would be:

- Transition could introduce instability in service delivery due to the change
- The appeal of working for Delt is different to the offer of employment by the Council and could lead some staff to want to leave
- Roles and skills in Delt that are shared across would have to be split between some transferring to PCC and others remaining in Delt, this could create a short-term risk of not having the required expertise to deliver services

2/. Contract the services from a commercial 3rd party

This option was explored via market testing with some of the leading providers of support services to local government. The potential advantage of a commercial contract was that cost might be reduced and controlled through that type of arrangement. However, the potential savings on offer at around

5% of our annual budget, were insufficient to cover the anticipated cost increases that would be required to manage this option. The disadvantages of this option are that the contract management is significantly more demanding than other options and that flexibility and responsiveness are either expensive or compromised by the strictures of a contract with an organisation over which the Council has no further control. The likely increase in overall cost coupled with the lack of flexibility of this option resulted in it not being recommended.

The cost increases are in the following areas:

- One off transition costs of the services and the staff
- Ongoing additional client function costs to hold the provider to account
- One off cost of procurement
- Change controls to the contract for new requirements through the lifetime of the deal

The risks introduced by this option would be:

- Transition could introduce instability in service delivery due to the change
- The lack of control over the provider that could frustrate or prevent responsiveness to business priorities – for example Delt's external spend is nearly 70% in the local market
- The transfer of staff from Delt to the new provider could lead to some of them wanting to leave
- Commercial tensions arise on the basis that the provider is seeking to maximise profits from the contract
- Roles and skills in Delt that are shared across would have to be split between some transferring to the new provider and others remaining in Delt, this could create a short-term risk of not having the required expertise to deliver services

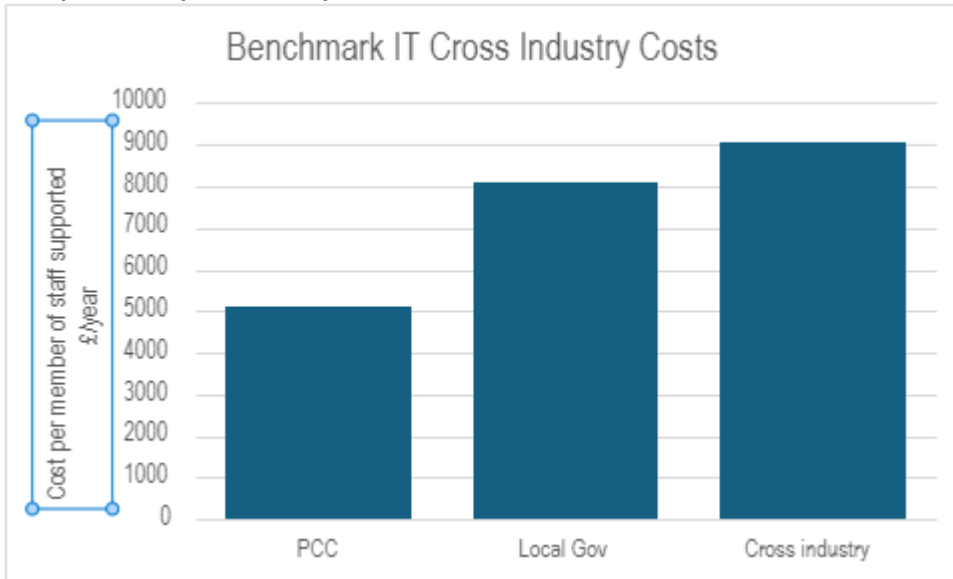
3/. A short-term contract renewal with Delt

This option was considered whilst the ICB reviewed whether they wanted to stay a partner in Delt. The CCG have now concluded that they see benefit in the partnership and intend to renew on the same basis as the Council (10 years). If Plymouth were now to request a shorter deal term it is likely to unsettle Delt and the ICB and could render Delt non-viable. A 10 year contract offers assurance to Delt and therefore the ability to attract and retain key skills and staff as well as strengthen their financial position making them a more attractive service provider to new shareholders and/or customers. Furthermore, IT and print requires a long-term commitment to manage and develop the supplier relationships and assets successfully. However, should the Council decide that they need to exit, the new contract offers PCC break clauses on years 3, 5, 7 and 9 as well as in the event of the ICB seeking to exit. In the absence of the uncertainty caused by the ICB there appears to be no material benefit to the Council in a short-term deal, as a result this option is also not recommended.

Value for Money

The remaining recommended option is to renew contracts with Delt for a 10 year term. The term and value mean it is important to establish whether the new contract will provide the Council with value for money. Although Delt is partially owned by the Council, meaning that profits from the business can be returned to the Council via dividend payments, the Council should be assured that spend with Delt is in line with or better than alternative solutions.

The benchmarking used in this case is from the Gartner Group 'IT Key Metrics' study. This is the largest IT expenditure survey of its kind. Using this analysis the cost of IT provided by Delt for PCC compares very favourably to other local authorities:



Data courtesy of Gartner benchmarking

The comparison shows that UK local government spends on average around £8,100 per supported user on IT per year. The PCC comparison for this is around £5,100 per user per year. This benchmark of PCC's current IT spend, includes not just Delt but also PCC cost to provide our IT services. Benchmarking complex services is challenging to develop reliable and fair comparisons from. However, the size of the cost difference between the average local authority and the Delt/PCC comparison suggests that we do enjoy good value for money from Delt.

Benefits of the new contract

Customer service. The new contract follows recent investments by both PCC and Delt into new roles that will ensure clearer understanding of both organisations and better customer service.

Cyber security. Delt continue to invest in cyber defences to ensure our residents data is safe and services delivered by the Council have access to highly available systems and networks.

Decarbonisation. Delt have set embedded sustainability into their management decision making and will continue to reduce the carbon footprint of their activities and those in their supply chains.

Retention of local jobs and skills. The Delt business employs over 250 staff almost all of which live in the SW region. Delt are also committed to supporting apprentices and providing opportunities to employ them once fully qualified.

Gross value added. Delt have sought to develop economically beneficial relationships with many SW based small and medium enterprises to support the platform for local sustainable economic growth.

Based on employment of local staff and the local procurement spend Delt's estimated GVA is £19.2m in FY 23/24.

Adaptability. The last 10 years have shown how adaptable the Delt model is to changes in requirements from clients as well as shifts in the market. Renewal will allow the Council to continue to enjoy these benefits.

Low risk. Changing who delivers these services would introduce risk associated with the change. We have tried and tested experience in how to operate with Delt to minimise disruption to the service delivery.

Value for money. Benchmarking and market testing shows that Delt are the lowest cost option for the delivery of these services to PCC.

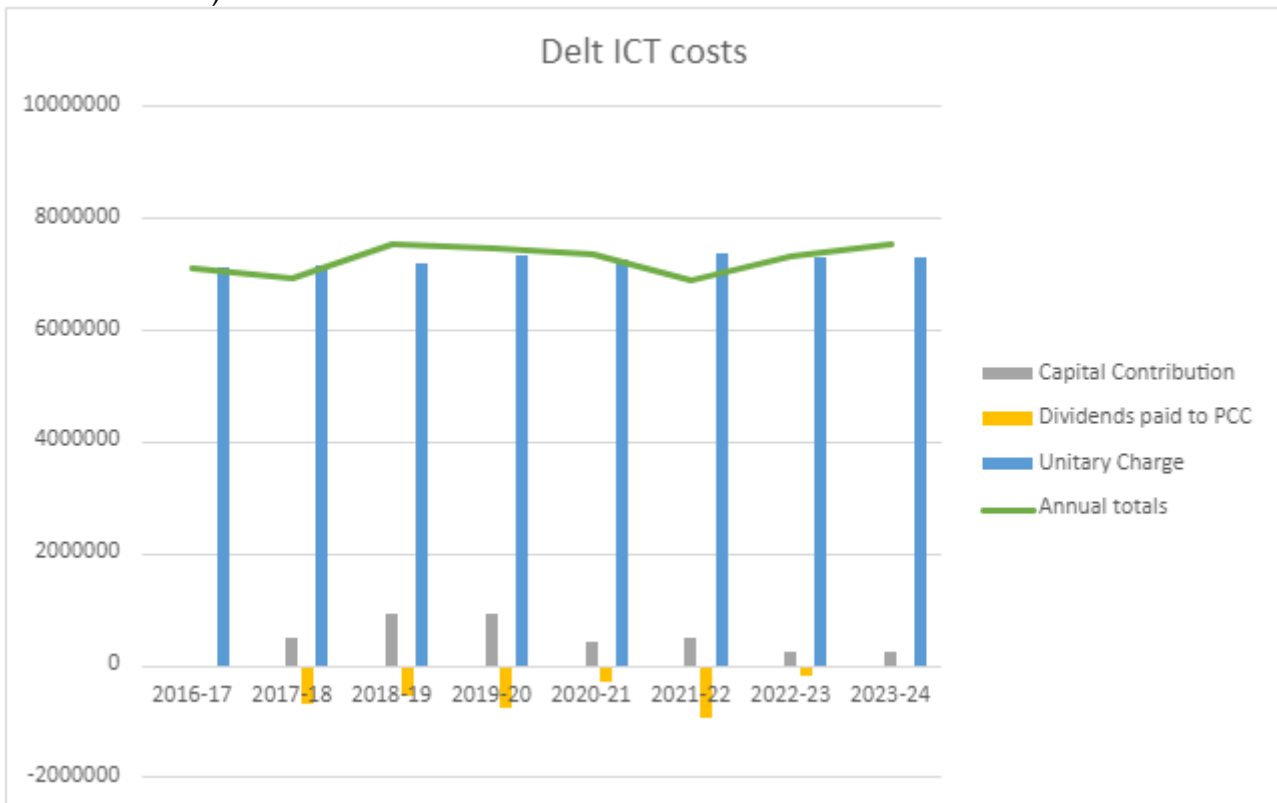
Appendix A – Review of the Delt Business Case Objectives

The business case sets out the following objectives for the company:

- Reduce costs
- Support economic growth
- Reduce risk
- Improve service delivery
- Promote health and well being
- Drive the transformation agenda

Reduce Costs

The case for reducing costs is a difficult one to make given the increased importance IT now plays in our service delivery. Over the last 10 years PCC in common with all forward thinking organisations have consciously spent more on IT to gain efficiency and customer benefits. It's not possible to say whether another provider could have achieved similar beneficial outcomes at lower cost. However it is clear that the impact of inflation being absorbed by Delt over the lifetime of the contract has contained costs for PCC over the last 3 years in particular. It is also true that the non-passthrough costs for IT (those costs for the service that Delt themselves deliver) has fallen over the contract.



Support Economic Growth

The profits achieved in the first 5 years of the contract have been reduced over the last 5 years with the last 2 generating losses (caused by the contract obliging Delt to absorb inflation on their costs). The chart above also shows the £5.4m worth of dividends paid out to shareholders since set up, of which PCC has received £3.8m.

Whilst holding costs for PCC are relatively flat, Delt has grown revenues from new clients. The growth of the company is mirrored by the growth of jobs in Delt. At set up the company had 95 staff, it now employs 250.

There were 2 customers at set up, Delt now supports 4 big customers (PCC, ICB, DPT and Transforming Futures Trust with over 140 smaller customers, mostly schools.

Reduce risk

Delt's independent governance and focus on cyber security (which has seen a 10 fold increase in investment) has provided high levels of service reliability. Whilst there has been some recent instability in IT services caused the move of our data centre the only other time this was noticed as an issue was in 2018 when the

technology managing servers in the data centre was upgraded. Service availability has been tracked on a monthly basis through the life of the contract and very rarely falls below the target service level.

Improved service delivery

This outcome is often measured subjectively through the lens of whether or not a laptop or mobile phone has worked well recently and/or whether the last interaction with Delt fixed the problem. Delt are not perfect and sometimes their service fails to hit the mark, however, it is important to note that in a crisis they have always stood up and supported us and their other clients, for example during Covid. The danger of a commercial outsourcing contract is that a client in crisis is seen as an opportunity to drive profit. The other point of note is that Delt customer satisfaction scores have only dipped below the 90% SLA target in a few isolated months over the last 9.5 years.

Promote health and wellbeing

Delt have created a modern workplace balancing the commercial demands of clients with the interests and wellbeing of its staff. Delt staff are supported to get involved in their local communities and Delt invests in support for staff so that they are better able to cope with the demands placed on them in work and their personal lives.

Drive the transformation agenda

Delt have transformed the way they manage and operate the data centre and cyber security. Their role in providing stable, secure and modern software to support our business is the platform that PCC can build innovative digital and automation solutions to create efficiency and effectiveness in service delivery.

Other notable Delt achievements

Their print and document services operation is net carbon neutral. Delt overall are seeking to achieve certification equivalent to B Corp certification for the entire business. B Corp have refused to accept Delt's application due to the ownership being in the public sector, B Corp is for privately owned organisations.

Delt have also recently been listed 9th in the Newsweek most loved workplace awards . The award looks to recognise organisations that engage and motivate their staff through values and leadership rather than pay/perks.

EQUALITY IMPACT ASSESSMENT – DELT CONTRACT RENEWAL

SECTION ONE: INFORMATION ABOUT THE PROPOSAL

Author(s): The person completing the EIA template.	Peter Honeywell	Department and service:	Customer and Digital	Date of assessment:	August 2024
Lead Officer: Head of Service, Service Director, or Strategic Director.	David Northey	Signature:	David Northey	Approval date:	4 September 2024
Overview:	This EIA accompanies the recommendation on the way forward for the renewal of the services currently contracted for delivery to the Council from Delt Shared Services Ltd. The services covered are: IT operations, Payroll & Pensions and Print & Document Services. The contract for these services is due to expire at the end of September 2024, the new contract will commence from October 2024.				
Decision required:	To consider the recommendation to delegate authority to award contracts for IT, Payroll and Pensions and Print and Document services to Delt for another 10 years.				

SECTION TWO: EQUALITY IMPACT ASSESSMENT SCREENING TOOL

Potential external impacts: Does the proposal have the potential to negatively impact service users, communities or residents with protected characteristics?	Yes		No	√
Potential internal impacts: Does the proposal have the potential to negatively impact Plymouth City Council employees?	Yes		No	√
Is a full Equality Impact Assessment required? (if you have answered yes to either of the questions above then a full impact assessment is required and you must complete section three)	Yes		No	√

<p>If you do not agree that a full equality impact assessment is required, please set out your justification for why not.</p>	<p>The award of contracts to Delt represents a continuation of existing arrangements. There are no known detriments to service users, communities or residents with protected characteristics arising from the existing contracts and no new provision in the new contracts that could create a detriment. Equally, the existing contract has no negative impact on Council staff and the new contract won't create new negative impacts.</p>
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SECTION THREE: FULL EQUALITY IMPACT ASSESSMENT

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
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Age	<p>Plymouth</p> <ul style="list-style-type: none"> • 16.4 per cent of people in Plymouth are children aged under 15. • 65.1 per cent are adults aged 15 to 64. • 18.5 percent are adults aged 65 and over. • 2.4 percent of the resident population are 85 and over. <p>South West</p> <ul style="list-style-type: none"> • 15.9 per cent of people are aged 0 to 14, 61.8 per cent are aged 15 to 64. • 22.3 per cent are aged 65 and over. <p>England</p> <ul style="list-style-type: none"> • 17.4 per cent of people are aged 0 to 14. • 64.2 per cent of people are aged 15 to 64. • 18.4 per cent of people are aged 65 and over. <p>(2021 Census)</p>			
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<p>Care experienced individuals</p> <p>(Note that as per the Independent Review of Children’s Social Care recommendations, Plymouth City Council is treating care experience as though it is a protected characteristic).</p>	<p>It is estimated that 26 per cent of the homeless population in the UK have care experience. In Plymouth there are currently 7 per cent of care leavers open to the service (6 per cent aged 18-20 and 12 per cent of those aged 21+) who are in unsuitable accommodation.</p> <p>The Care Review reported that 41 per cent of 19-21 year old care leavers are not in education, employment or training (NEET) compared to 12 per cent of all other young people in the same age group.</p> <p>In Plymouth there are currently 50 per cent of care leavers aged 18-21 Not in Education Training or Employment (54 per cent of all those care leavers aged 18-24 who are open to the service).</p> <p>There are currently 195 care leavers aged 18 to 20 (statutory service) and 58 aged 21 to 24 (extended offer). There are more care leavers aged 21 to 24 who could return for support from services if they wished to.</p>			
<p>Disability</p>	<p>9.4 per cent of residents in Plymouth have their activities limited ‘a lot’ because of a physical or mental health problem.</p> <p>12.2 per cent of residents in Plymouth have their activities limited ‘a little’ because of a physical or mental health problem (2021 Census)</p>			

<p>Gender reassignment</p>	<p>0.5 per cent of residents in Plymouth have a gender identity that is different from their sex registered at birth. 0.1 per cent of residents identify as a trans man, 0.1 per cent identify as non-binary and, 0.1 per cent identify as a trans women (2021 Census).</p>			
<p>Marriage and civil partnership</p>	<p>40.1 per cent of residents have never married and never registered a civil partnership. 10 per cent are divorced, 6 percent are widowed, with 2.5 per cent are separated but still married.</p> <p>0.49 per cent of residents are, or were, married or in a civil partnerships of the same sex. 0.06 per cent of residents are in a civil partnerships with the opposite sex (2021 Census).</p>			
<p>Pregnancy and maternity</p>	<p>The total fertility rate (TFR) for England was 1.62 children per woman in 2021. The total fertility rate (TFR) for Plymouth in 2021 was 1.5.</p>			

<p>Race</p>	<p>In 2021, 94.9 per cent of Plymouth’s population identified their ethnicity as White, 2.3 per cent as Asian and 1.1 per cent as Black (2021 Census)</p> <p>People with a mixed ethnic background comprised 1.8 per cent of the population. 1 per cent of the population use a different term to describe their ethnicity (2021 Census)</p> <p>92.7 per cent of residents speak English as their main language. 2021 Census data shows that after English, Polish, Romanian, Chinese, Portuguese, and Arabic are the most spoken languages in Plymouth (2021 Census).</p>			
<p>Religion or belief</p>	<p>48.9 per cent of the Plymouth population stated they had no religion. 42.5 per cent of the population identified as Christian (2021 Census).</p> <p>Those who identified as Muslim account for 1.3 per cent of Plymouth’s population while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2021 Census).</p>			
<p>Sex</p>	<p>51 per cent of our population are women and 49 per cent are men (2021 Census).</p>			
<p>Sexual orientation</p>	<p>88.95 per cent of residents aged 16 years and over in Plymouth describe their sexual orientation as straight or heterosexual. 2.06 per cent describe their sexuality as bisexual, 1.97 per cent of people describe their sexual orientation as gay or lesbian. 0.42 per cent of residents describe their sexual orientation using a different term (2021 Census).</p>			

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

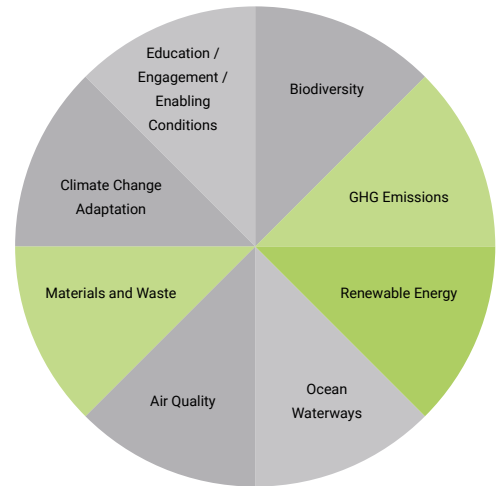
Human Rights	Implications	Mitigation Actions	Timescale and responsible department

SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
<p>Work together in partnership to:</p> <ul style="list-style-type: none"> ▪ promote equality, diversity and inclusion ▪ facilitate community cohesion ▪ support people with different backgrounds and lived experiences to get on well together 			
<p>Give specific consideration to care experienced people to improve their life outcomes, including access to training, employment and housing.</p>			
<p>Build and develop a diverse workforce that represents the community and citizens it serves.</p>			
<p>Support diverse communities to feel confident to report crime and anti-social behaviour, including hate crime and hate incidents, and work with partners to ensure Plymouth is a city where everybody feels safe and welcome.</p>			

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Delt Contract Renewal DRAFT



Assessment ID: DEL802

Assessment Author: Peter Honeywell

Assessment Project Summary:

The conclusion of this case is to proceed with the recommendation to renew contracts with Delt Shared Services for another 10 years.

Delt is a unique and innovative operation that was established by Plymouth City Council in 2014 as a cooperative venture jointly with the local NHS. It operates with commercial freedom whilst at the same time the Council enjoys control over the company, in partnership with other shareholders. This ensures that Delt is well aligned with the Council's priorities and objectives. Appendix A details what Delt's have achieved against the outcomes set out in the business case at formation.

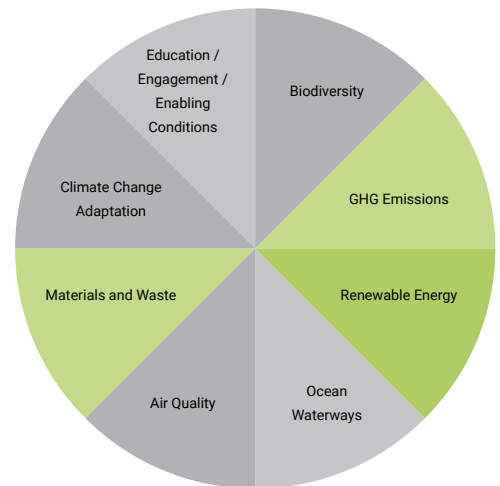
The contract with Delt has been flexible enough to adapt to the constant evolution of IT. Over the last 10 years as the Council has invested in systems and processes to deliver services, Delt has had to increase spending on cyber security to protect our service delivery. In that time spending has risen to over 10 times the budget at the beginning of the contract.

Delt has also responded to the Council's drive to become carbon neutral by 2030. Delt has successfully reached a carbon positive state for the print and document service and is leading the way on waste and recycling in the IT service and a carbon audit to help target other areas of the business that can also be improved.

The Council benefits from much greater control and accountability for the spend and service delivery from Delt as compared to the in house service prior to Delt. The contract between Delt and the Council defines service level agreements (SLA) and targets across a range of measures which are reviewed monthly. In the case of failing to hit an SLA action plans are drawn up to ensure performance improves. PCC also have an investment cycle agreed for the maintenance and replacement of data centres, networks and other vital hardware. This ensures predictability of costs and a modern, secure and reliable IT operation to support service delivery for the people of Plymouth.

Alternative options have been considered in the development of this case: contracting with a commercial 3rd party; transferring the service back in house and contracting with Delt for a shorter deal term. None of these options offers better value for money and/or a lower risk profile.

Delt Contract Renewal DRAFT



Benchmarking shows that the cost of service delivery under Delt is considerably below the UK average for local government. This analysis needs to be considered alongside evidence of the quality of service provided by Delt to help determine whether the lower cost is a result of good value for money or an indication of under investment. Over the last 12 months 91% of SLA metrics were hit with customer satisfaction averaging 97%.

Assessment Final Summary:

This assessment shows the commitment that Delt and the Council (as shareholder and influencer on the business) have to managing the environmental impact of the services Delt deliver. This is not a project or decision being made that is entirely focused on environmental improvements the way that Delt have committed themselves to sustainability in their operations ensures that these contracts will contribute to the goal of net zero by 2030.

Biodiversity Score: 3

Biodiversity Score Justification: The contract award is for IT, Payroll and Print and Document services. Whilst Delt are committed to the sustainable delivery of all their services there are no specific provisions that would knowingly impact biodiversity either way as a result of this recommendation being approved.

Biodiversity Score Mitigate: No

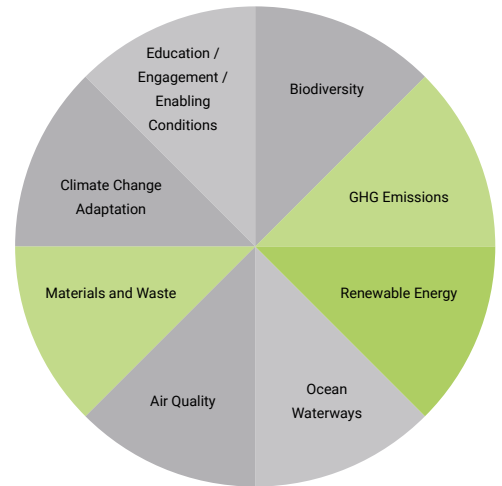
GHG Emissions Score: 4

GHG Emissions Score Justification: The contract award is for IT, Payroll and Print and Document services. Delt's work to drive down emissions will continue based on conversion of their fleet to electric vehicles and the use of 100% renewably generated electricity to power the Council's new data centre. The print operation is already carbon positive.

GHG Emissions Score Mitigate: No

Renewable Energy Score: 4

Delt Contract Renewal DRAFT



Renewable Energy Score Justification: The contract award is for IT, Payroll and Print and Document services. Delt's work to drive down emissions will continue based on conversion of their fleet to electric vehicles and the use of 100% renewably generated electricity to power the Council's new data centre. The print operation is already carbon positive.

Renewable Energy Score Mitigate: No

Ocean and Waterways Score: 3

Ocean and Waterways Score Justification: The contract award is for IT, Payroll and Print and Document services. There should be no impact as a result of the award of this contract on water quality.

Ocean and Waterways Score Mitigate: No

Air Quality Score: 3

Air Quality Score Justification: The contract award is for IT, Payroll and Print and Document services. Delt have converted to electric vehicles in their fleet. There are no specific provisions in this contract that would knowingly contribute to an increase or decrease in air quality.

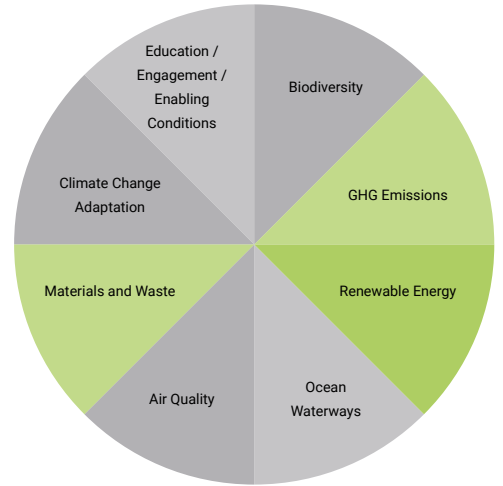
Air Quality Score Mitigate: No

Materials and Waste Score: 4

Materials and Waste Score Justification: The contract award is for IT, Payroll and Print and Document services. Delt have pioneered waste recycling for IT hardware through working with a local partner (Electrotek) who dispose of all end of life electrical hardware with zero to landfill. There are no specific contract provisions that will knowingly create or reduce waste volumes in the city.

Materials and Waste Score Mitigate: No

Delt Contract Renewal DRAFT



Climate Change Adaptation Score: 3

Climate Change Adaptation Score Justification: The contract award is for IT, Payroll and Print and Document services. There are no specific contract provisions that will knowingly make Plymouth more or less resilient to the impact of climate change.

Climate Change Adaptation Score Mitigate: No

Education / Engagement / Enabling Conditions Score: 3

Education / Engagement / Enabling Conditions Score Justification: The contract award is for IT, Payroll and Print and Document services. Beyond Delt's ongoing commitment to education of their workforce and drive for sustainable operations there are no specific contract provisions that will generate greater awareness of the climate emergency and how to take action.

Education / Engagement / Enabling Conditions Score Mitigate: No

Wheel Key

- Long lasting or severe negative impact
- Short term or limited negative impact
- No impact or neutral impact
- Short term or limited positive impact
- Long lasting or extensive positive impact

Cabinet



Date of meeting:	09 September 2024
Title of Report:	Audit and Governance Chair's Update Report
Lead Member:	Councillor Sarah Allen (Chair of Audit and Governance Committee)
Lead Strategic Director:	David Northey, S.151 and Head of Finance.
Author:	Ross Jago, Head of Governance, Performance and Risk
Contact Email:	ross.jago@plymouth.gov.uk
Your Reference:	AG-Coun1
Key Decision:	No
Confidentiality:	Part 1 - Official

Purpose of Report

In line with best practice, the Terms of Reference for the Audit and Governance Committee state that an update on the work of the Committee should be submitted to Cabinet and Council. The Audit and Governance Committee's remit, as defined in the council's constitution, has allowed its members to develop an overview of the whole system of governance and risk within the council.

The Plymouth City Council Audit and Governance Committee is long established and seeks to maintain and improve our governance and risk procedures. The Committee is a key component of the Council's corporate governance arrangements and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment and reporting on internal and external audit functions and financial and non-financial performance.

The benefits to the Council of operating an effective Audit Committee are:

- Maintaining public confidence in the objectivity and fairness of financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and any other similar review processes; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement.
- Providing a sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process.
- Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.
- Providing additional assurance through a process of independent and objective review.
- Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
- Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.

The Committee continues to have a professional and arm's length relationship with Grant Thornton, the Council's external auditors, who attend meetings of the Committee to offer their advice where appropriate.

The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Section 151 Officer in achieving our aims and objectives. The work plan for the year was delivered and ensured key issues were considered.

In 2023/24 the Committee has held six meetings on:

- 25 July 2023
- 26 September 2023
- 28 November 2023
- 16 January 2024
- 12 March 2024

The committee has received and considered a substantial number of reports across key areas of the Council's activity.

The Committee has discussed and approved recommendations in relation to –

- External Audit Report
- Internal Audit Charter and Strategy
- Counter Fraud Services Annual Report
- Statement of Accounts
- Report in the Public Interest - Thurrock Report
- Covid Business Grants Assurance
- Health, Safety and Wellbeing Annual Report
- Annual Governance Statement
- Constitutional changes
- Assessment of the Impact of Voter ID on Plymouth residents and elections team
- Polling Districts, Place and Stations Review 2023
- Information Governance and Cyber Response Planning
- Capital Finance Strategy
- Whistleblowing Policy
- Risk and Opportunity Management Strategy

The committee also received regular updates with respect to a pensions transaction and the Capitalisation Direction.

As a result of the work of the Committee –

- The council has received reasonable assurance that system of internal control is operating effectively following consideration given to internal and external auditor's reports
- Changes to the constitution have been considered by the Audit and Governance Committee following a full review by a working group of Audit and Governance Committee members and other councillors. This has resulted in significant revisions to the constitution, including the establishment of a standards Committee, updated petition scheme and amendments to various procedures to bring the council into line with national best practice.
- The Council's treasury management strategy and capital finance strategy were approved for consideration at council.

- Recommendations for changes to the current whistleblowing policy have been made and are being made to the policy.
- Annual Governance Statement and Statement of accounts (2023) were approved.

As the Cabinet and wider council grapples with the further tough decisions that will be required over the coming weeks and months, the Audit and Governance Committee will continue to provide an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

Recommendations and Reasons

Cabinet is recommended to note the report before the consideration by Council

Alternative options considered and rejected

There are no alternative options as the Chair is required to make this report under the committee's terms of reference.

Relevance to the Corporate Plan and/or the Plymouth Plan

This report identifies how the committee's work programme supports the delivery of the Plymouth and Corporate Plans by enabling the Council to exercise the scrutiny and challenge of its governance, finance, risk and audit processes.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising specifically from this report.

Financial Risks

None arising specifically from this report.

Carbon Footprint (Environmental) Implications:

None arising specifically from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

None arising specifically from this report.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	1	2	3	4	5	6	7

Sign off:

Fin	DJN. 24.25. 081	Leg		Mon Off	LS/00 0036 09/12 /LB/1 2/07/ 24	HR		Asset s		Strat Proc	
Originating Senior Leadership Team member: David Northey, Service Director for Finance).											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 24/07/2024											
Chair approval: Councillor Sarah Allen (Chair of Audit and Governance Committee) <i>Approved by email</i>											
Date approved: 29/08/2024											