

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