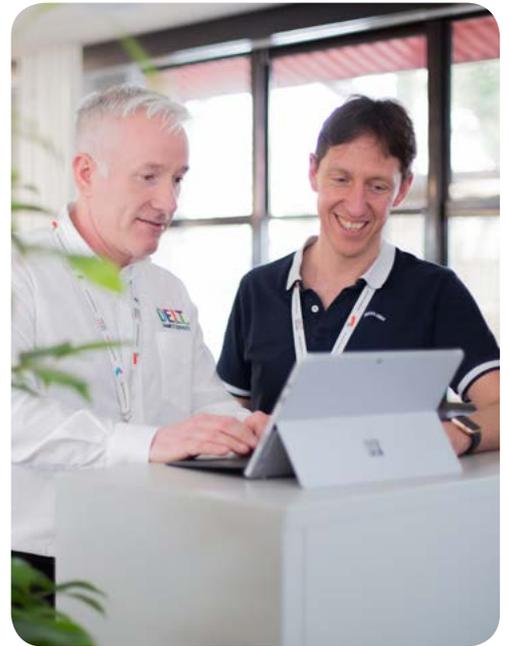


DELT^{LTD}

SHARED SERVICES

BUSINESS PLAN
2018 – 2025



APRIL 2018

1. HELPING PEOPLE DO AMAZING THINGS

Delt is a success story that has delivered well over the level of benefit assumed in its original business case for its founders. In addition to the purely financial outcomes, it is delivering improved service levels, greater resilience and over £8m of socio-economic gain (per annum) to the South West. 216 jobs that would otherwise have left the region are now supported through our activities. This is great, but is not the real story.

More than 100 doctors' practices, children's social care, and over 300 other critical services are delivered by our clients to around 900,000 people across the South West. Although Delt does the less visible work that doesn't make it any less important. We help people do amazing things. That's the real story.

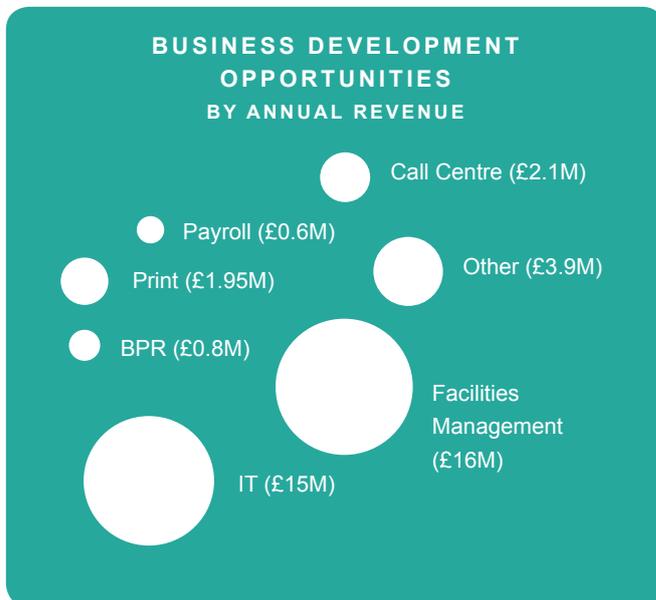
How do we do it? By working together as a whole that is greater than the sum of its parts. When we talk about collaboration, we really mean it. We take the core views of our shareholders (who are also our customers), the best of the private and public sectors and put them all together. We have a set of values that are core to everything we do. We help integrate health and social care. We work with disparate groups that share a common purpose. We constantly seek to challenge, to refine, to do things better, faster or cheaper. We are committed to the value of doing things locally, not because it looks good in a corporate social responsibility statement but because we have shown it to produce such powerful results.



The shared services journey is not easy and many attempts at sharing back office services in the public sector end poorly. The Delt Board and Shareholders have been relentless in their belief that the benefits outweigh the difficulties and have successfully tackled many of the issues that beleaguer similar enterprises. The state of our company is strong and our new business pipeline is significant.

Our pipeline continues to grow though the reality is that winning public sector shared service business (especially multi-million pound, decade long IT contracts) is a long game, with very long lead times. We are much closer to landing some opportunities than we were a year ago, with what would be considered preferred bidder status on at least two. We set a growth target in 2017 of hitting turnover of £20M by year ending 31st March 2019 and that expectation remains unchanged.

Our Teckal compliant structure and sound governance model give Delt a unique proposition for those public bodies who seek to deliver the potential cost benefits of new models of delivery but are understandably wary of Carillion style outsourcing.



Our expectation is very much one of growth, but it is prudent for us to demonstrate the continuing viability of our company should the current customer base remain unchanged. On this basis, Delt has forecast its future income, surpluses and potential distributions as follows:

Business Plan Tables
P&L
£000's

	BY FINANCIAL YEAR												
	14/15**	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25		
	Actual	Actual	Actual	Fcst	Budget	Plan	Plan	Plan	Plan	Plan	Plan		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Unitary Charge & overhead revenue	4,112	11,688	9,906	10,263	10,757	10,757	10,757	10,757	10,757	10,757	10,757		
Resource recharge income	-	-	977	1,575	1,636	1,705	1,730	1,745	1,760	1,800	1,980		
Non-resource recharge income	-	-	3,072	2,883	3,500	3,500	3,500	3,500	3,500	3,500	3,500		
Other revenue	-	-	-	595	592	592	592	592	592	592	592		
TOTAL REVENUE	4,112	11,688	13,955	15,316	16,485	16,554	16,579	16,594	16,609	16,649	16,829		
Total revenue growth	0.0%	184.2%	19.4%	9.8%	7.6%	0.4%	0.2%	0.1%	0.1%	0.2%	1.1%		
TOTAL COST OF SALES	(3,232)	(10,086)	(10,199)	(11,538)	(12,768)	(12,581)	(12,548)	(12,504)	(12,461)	(12,440)	(12,546)		
TOTAL OVERHEADS	(780)	(610)	(1,492)	(2,859)	(3,143)	(3,422)	(3,466)	(3,588)	(3,842)	(3,948)	(4,186)		
TOTAL SURPLUS	100	992	2,264	919	574	551	565	502	306	261	97		
Total Surplus 2017/18 Business Plan	72	992	1,200	1,002	1,325	1,328	1,604	1,689	1,506	1,559	1,457		
2018/19 Planned distributions	-	-	-	800	800	150	200	200	275	300	300		
											18/19 Business Plan update of total distributions over contract period	3,025	
2017/18 Business Plan					800	385	150	200	200	275	300	300	
Distributions per Business Plan 17/18												17/18 Business Plan forecast of total distributions over contract period	2,610
** part year												Change in total distributions forecast over contract period	415

- Having accounted for our viability without significant growth, we have also modelled multiple realistic growth scenarios at a high level.

LEAST OPTIMISTIC GROWTH MODEL

	18/19	19/20	20/21	21/22	22/23	23/24	24/25
REVENUE	16,485	17,824	17,915	18,009	18,105	18,205	18,308

Delt projected future revenue (as at Mar 18).
Current partners + new customers in years 1 and 3.
ICT services only.

MOST OPTIMISTIC GROWTH MODEL

	18/19	19/20	20/21	21/22	22/23	23/24	24/25
REVENUE	36,181	39,458	46,259	47,207	49,215	49,924	50,113

Delt projected future revenue (as at Mar 18).
New customers in years 1 and 3. New PCC size partner in year 2 New
CCG size partner in year 4. Includes additional back office services.

We have made significant investments over the last 12 months in both workforce development and management capacity to prepare the company for growth. This is most evident in new processes and systems for strategic workforce planning, talent development and performance management.

As at March 2018, the Local Government Association has identified over £657M in savings generated by the sharing of back office services across local government. Between 2012 and 2017 the number of shared service arrangements (in local government) have more than doubled and despite some high-profile failures, when properly implemented these deliver greater benefits to a company than traditional internal-service-delivery models do. Shared service organisations focus on the internal customer, rather than on technology, and are competitive with the outside marketplace. Companies that implement shared services can gain economies of scale and scope, improve enterprise wide integration, boost capabilities and innovation, and, achieve benefits from cross-business-unit / regional process harmonisation. The market for shared services remains strong.

To deliver the growth outcomes linked to the Delt objectives, Delt will continue to grow both vertically (additional customers) and horizontally (additional sectors). Our strategy for doing so is as follows:

- **Be clear that the Delt focus is the provision of common (and thus shareable) back office services.**
- **Identify supporting services that are not clients' core business and seek to deliver those better, faster and cheaper than the partner can do on their own.**

The comparison of proposed Shareholder distributions over the remainder of the contract period shows an increase of £415k in the 2018/19 Business Plan versus the 2017/18 plan.

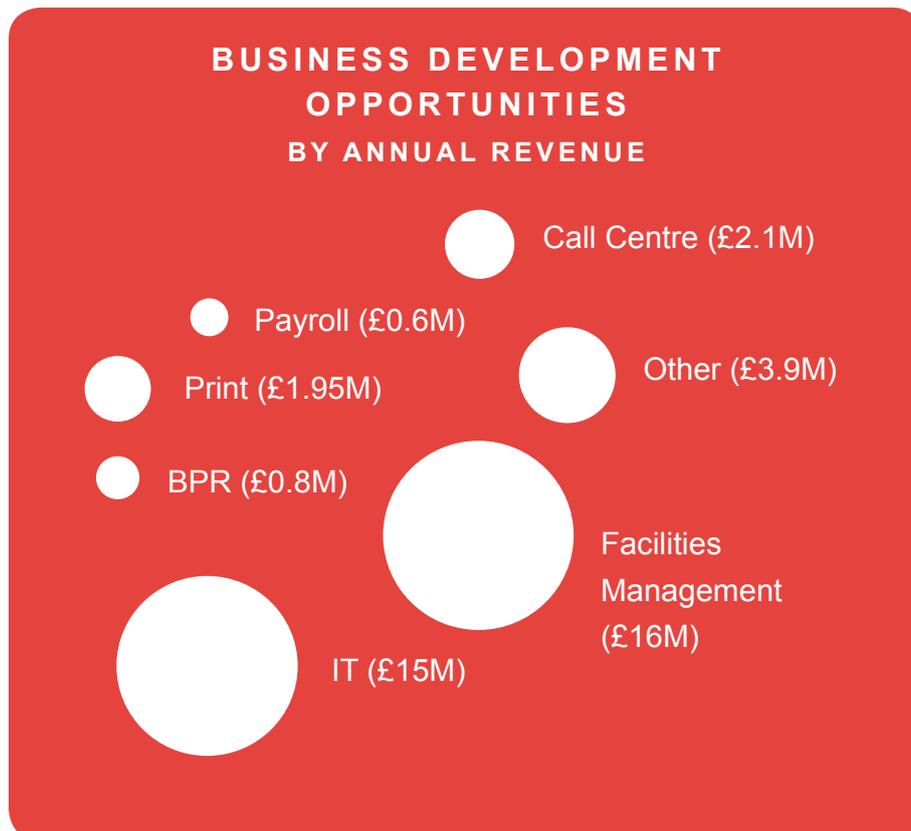
To satisfy both internal and external stakeholders of the Delt value add proposition, Delt actively benchmark performance against SLAs; customer satisfaction surveys and industry benchmarks. All three measures show Delt to be performing at or above the expected level. During early 2018 Delt signed a nationally unprecedented agreement with three major trade unions. The deal struck ensured that all Delt staff had an effective voice, whether members of a trade union or not. This not only removed a perceived barrier to growth in the public sector space (where the TUs were understandably cautious of shared services) but allowed us to further demonstrate that Delt is a truly innovative and people centric organisation.

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The shared services journey is not easy and many attempts at sharing back office services end poorly. The Delt Board and Shareholders have been relentless in their belief that the benefits outweigh the difficulties and have successfully tackled many of the issues that beleaguer similar enterprises. The state of our company is strong and our new business pipeline is significant.

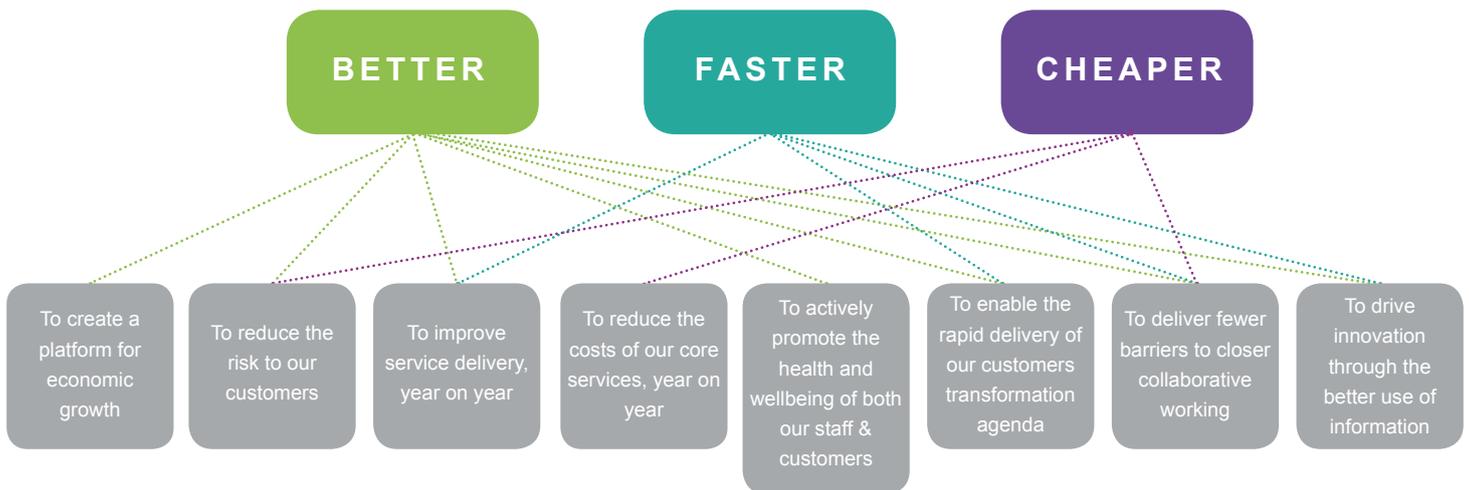
Whilst we have not yet landed another major customer, that does not reflect us losing major opportunities. On the contrary, our pipeline continues to grow. The reality is that winning public sector shared service business (especially multi-million pound, decade long IT contracts) is a long game, with very long lead times and we are much closer to landing some opportunities than we were a year ago, with what would be considered preferred bidder status on at least two. We set a growth target in 2017 of hitting turnover of £20M by year ending 31st March 2019 and that expectation remains unchanged.

The total value of our pipeline at the time of writing is more than double our target turnover. Having identified the need to diversify from IT in last year's business plan we have invested in our company to the point where that is possible and will be delivering additional back office services from May 2018, commencing with Pensions and Payroll. That is far from the only likely area of growth and the following chart shows the areas where our business development activity has been focussed.



5.1 DELT VISION

To deliver services that are better, faster and/or cheaper



5.2 DELT OBJECTIVES

Delt can provide a clear answer to the question ‘Why?’ by referencing its 8 core objectives:

- **To create a platform for economic growth**
- **To deliver fewer barriers to closer collaborative working**
- **To reduce the risk to our customers**
- **To improve service delivery, year on year**
- **To reduce the costs of our core services, year on year**
- **To actively promote the health and wellbeing of staff and customers**
- **To enable the rapid delivery of our customers’ transformation agenda**
- **To drive innovation through the better use of information**

These objectives are further explained in below:

5.2.1 TO CREATE A PLATFORM FOR ECONOMIC GROWTH

The founding partners made a conscious decision to keep the investment in shared services local. The alternatives considered would result in fewer regional jobs; and have a direct impact on local families’ health and wellbeing, for both employees and local supplier companies. For every 100 Delt type jobs sourced out of the region, another 145 are expected to disappear. (*Reference: ONS Employment Multipliers and Effects by SU114 Industry Group 82, Office and Business Support, 2010.)

Delt will seek to maintain a technological and high value employment base in the South West and, where possible, to grow in-house talent by recruiting apprentices from local universities.

Where possible, Delt will source services and products locally to support the local economy.

Although not a profit motivated organisation, Delt recognises that its greatest contribution to the local economy will be delivered from sustainable growth in market sectors, services and regional geography.

5.2.2 TO DELIVER FEWER BARRIERS TO CLOSER COLLABORATIVE WORKING

By default, it is difficult for many public-sector organisations to work together and often simple tasks such as calendar sharing are not possible. More complex tasks such as the sharing of patient records are sometimes impractical, sometimes impossible. Whilst this is changing nationally, the rate of change is slow.

To help enable these moves to fully collaborative working, Delt will act as a service aggregator, securely bridging multiple platforms enabling game changing joint working such as the ground-breaking Section 75 agreement (joint healthcare commissioning) between Plymouth City Council and the NEW Devon CCG.

5.2.3 TO REDUCE THE RISK TO OUR CUSTOMERS

The combined effect of austerity measures and higher demand for public services increase delivery risk and the complexity of the task to achieve service resilience.

Delt as a shared service, provides an opportunity to spread such risks across a wider base; to make investments that would otherwise be unaffordable; whilst delivering improved performance and lower costs.

Cyber Security has been identified as a Tier 1 threat in the National Security Strategy, alongside Terrorism, War and Natural Disasters since 2010. The ability to deliver adequate defence against this threat is beyond that of most small organisations. Because of its combined size and scale, Delt is large enough to maintain a dedicated cyber security team in-house, and partner with external security specialists to significantly enhance the defences for Delt customers.

5.2.4 TO IMPROVE SERVICE DELIVERY, YEAR ON YEAR

Delt as a service company makes extensive use of benchmarks to measure and continuously improve performance. Delt understands that service delivery linked to cost management is essential and it is the combined impact that is of value to our customers.

When things don't go right, and Delt has had its challenges, Delt prides itself in working together to resolve issues and restore services, rather than hiding behind poor benchmarks or contractual agreements.

5.2.5 TO IMPROVE SERVICE DELIVERY, YEAR ON YEAR

Reducing costs is a worthy goal, but Delt is clear that to achieve this it must:

- Create a culture of continuous improvement, where every process is challenged to become better, faster or cheaper.
- Work with partners to identify synergy or cost saving sharing platforms, processes or people.
- Develop private sector style management information enabling faster and better decision making and devolve budgets and budget management to operational teams that best understand customer needs.
- Adopt Agility and LEAN as defaults; simplify project management and solution design frameworks to enable project managers to focus on targeted outcomes.
- Be innovative; make use of rapid piloting techniques to adopt new technology or processes.
- Continuously invest in automation tools that produce better quality outcomes using less labour intensive processes and freeing up people to take on roles with a greater value add.

5.2.6 TO ACTIVELY PROMOTE THE HEALTH AND WELLBEING OF STAFF AND CUSTOMERS

Delt is committed to doing all that is reasonably practicable to protect the health, safety and welfare of all employees and any other persons affected by our activities. As an office based business Delt recognise the importance of providing an ergonomic environment for our valued employees and for identifying and managing stress factors which may affect them.

Delt's strategy is to create a safe and healthy environment for staff and in doing so increase productivity; reduce absenteeism; enhance employee morale; attract and retain high-quality employees, and create a great place to work.

5.2.7 TO ENABLE THE RAPID DELIVERY OF OUR CUSTOMERS' TRANSFORMATION AGENDA

Delt will actively work with customers to proactively drive transformational change through the demonstration of new ways of working; piloting of new solutions, and acceptance that sometimes more is learnt through failure than by success.

5.2.8 TO DRIVE INNOVATION THROUGH THE BETTER USE OF INFORMATION

Delt recognises that information is one of the most critical assets owned by our partners and customers. The ability to store, access, search, validate and critically, share information, will be a critical success factor in partnership working at all levels.

As the central data aggregator Delt has an unparalleled opportunity to help partners maximise the value of the information.

5.3 DELT VALUES

Underpinning these objectives, Delt has a simple set of values. Delt is not satisfied with doing the right thing, it must also do it the right way.



OUR CUSTOMERS AND THE PUBLIC INTEREST ARE AT THE HEART OF ALL WE DO – BY LIVING OUR VALUES WE STRIVE TO MAKE EVERY INTERACTION THE VERY BEST IT CAN BE

- We have **integrity** and **transparency**
- We **develop** and **empower** our people
- We **strive** to be the **best** at what we do
- We believe in **partnership** and **collaboration**
- We value both **innovation** and **creativity**

5.4 DELT BUSINESS MODEL

5.4.1 SHAREHOLDING CUSTOMERS

Delt is setup to support two types of customers: shareholding partners and commercial clients. Our business model is different for each type of customer.

Shareholding clients must be fully public sector owned. Both Plymouth City Council and the NEW Devon CCG are Shareholders. For the Shareholder, Delt operates in a similar way to an in-house service provider. Teckal regulations permit a shareholder to award new work to a company it owns or part owns, however, the shareholder must meet the 'control test.' Under this test the contracting authority (the shareholder) must exercise similar control over the contractor (Delt) to that which the authority exercised over its own department.

New customers who comply with the Teckal rules (public sector contracting authorities) may be invited to join Delt as partners. A new shareholder will receive a single A Class (decision making) share and also join another share class, dependent upon both the services and the value of the services being taken. Each service line will be aligned to a share class and run as a discrete P&L. Any surplus distributions from a given service are then made to a share class.

The business model for Shareholders contains 2 elements:

- A Unitary Charge against a baseline of services and service levels agreed on an annual basis for a fixed price. Unitary charges are amended annually based on changes to the customer services estate such as user volumes; software and application consumption.
- Additional project related work, agreed in advance with the customer, for a price that is additional to the unitary charge.

The Delt relationship is managed against SLAs by a small Retained Client capability within the Shareholder organisation working closely with a dedicated Partner Relationship Manager.

5.4.2 COMMERCIAL CLIENTS

Commercial clients may be public or private sector owned, including Community Interest Companies and Charities. Commercial work may account for a maximum of 20% of total revenue. Commercial clients are not required to make an investment in Delt and receive no surplus distribution.

The business model for Commercial Clients is:

- A fee for 'business as usual' operations is agreed in advance, based upon a set of agreed services and service level expectations.
- Project delivery funding is charged either at fixed fee or using time and materials at an agreed rate card cost.

The Delt relationship with Commercial clients is managed against SLAs in the same way as for a Shareholder.

5.5 SURPLUS GENERATION

Savings generated against Shareholder budgets and margin achieved from commercial clients may generate a year end surplus that is available for distribution to the Shareholders; reinvestment in services, or transfer to Delt reserves. The distribution of any such surpluses is a matter reserved for Shareholders.

5.6 GOVERNANCE

Delt shareholders collectively own and control the company. The key difference between the Delt and a normal commercial model, or outsourced contract, is that Delt delivers value to the partners and customers and not to remote shareholders. This reduces the focus on profit. There are several layers of governance undertaken by a variety of groups as shown below, with limits for each clearly established in the Shareholder Agreement and Delegations of Authority.



- Shareholders - the shareholders meet on a quarterly basis with extraordinary meetings as required. The shareholders of Delt are the Chief Executives of its partners who have subsequently delegated that role to the CFO (CCG) and Director of Finance (PCC) of their organisations. The Shareholders represent the interests of their own organisation without conflict.
- Delt Board - the Board meets every four weeks and is made up of the partner nominated Executive Directors, Non-Executive Director(s), and Staff Director. The Delt CEO and CFO attend by standing invitation. The Board owns all strategic decisions not reserved to Shareholders and for making recommendations to Shareholders.
- Executive team - the Exec Team is responsible for the day to day operations of Delt within its approved business plan and for making recommendations to the Board.
- Shareholder Audit - Shareholder audits of Delt's operations can be commissioned at any time and include operational and financial matters.
- External Financial Audit - Delt is required under the Companies Act of 2006 to carry out an annual independent financial audit.
- Retained Client - the retained client and partner relationship managers work together daily with formal contract / SLA / performance reviews taking place once a month.
- Third Party Benchmarking - Delt undertake benchmarking of costs and performance every year, currently using Gartner Group to benchmark IT services (above benchmark for performance) and Hudson Global for staff cost benchmarking (below benchmark for employee cost).
- Security Audit - Security audits, penetration tests, IG compliance are all undertaken on a routine basis and after any major changes to Delt infrastructure.

6.1 DELT MARKETPLACE

Ongoing financial pressures have led to continued (and increasing) interest in shared services across the public sector. Local Government is leading the sector in implementing shared services and as at March 2018 at least 98 per cent of councils across the country are currently sharing services with other councils. (Source LGA). Interest from NHS bodies is increasing with NHS Improvement forcing the issue of shared back office services within STPs.

Delt will pursue commercial opportunities as they arise, however our key target market is the 'public interest' sector. Within this segment organisations may be public, private or third sector, but will work for the public good.

Almost all public-sector organisations are under increasing pressure to both reduce costs and maintain services. The risks of the former and benefits of the latter are what makes the Delt shared service proposition not just viable, but compelling.

The Delt geographic focus is the South West and whilst the business model is just as relevant outside the region, growth on a national scale would significantly increase the complexity (cost) of Delt operations and is not a current priority.

NUMBER OF
LOCAL
GOVERNMENT
SHARED
SERVICES:

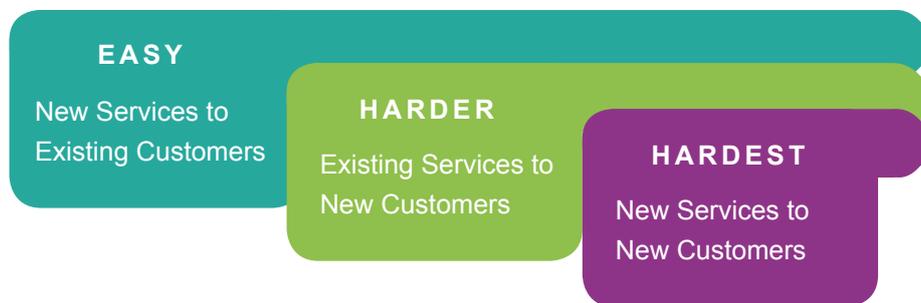
486

TOTAL
FINANCIAL
SAVINGS:

£657M

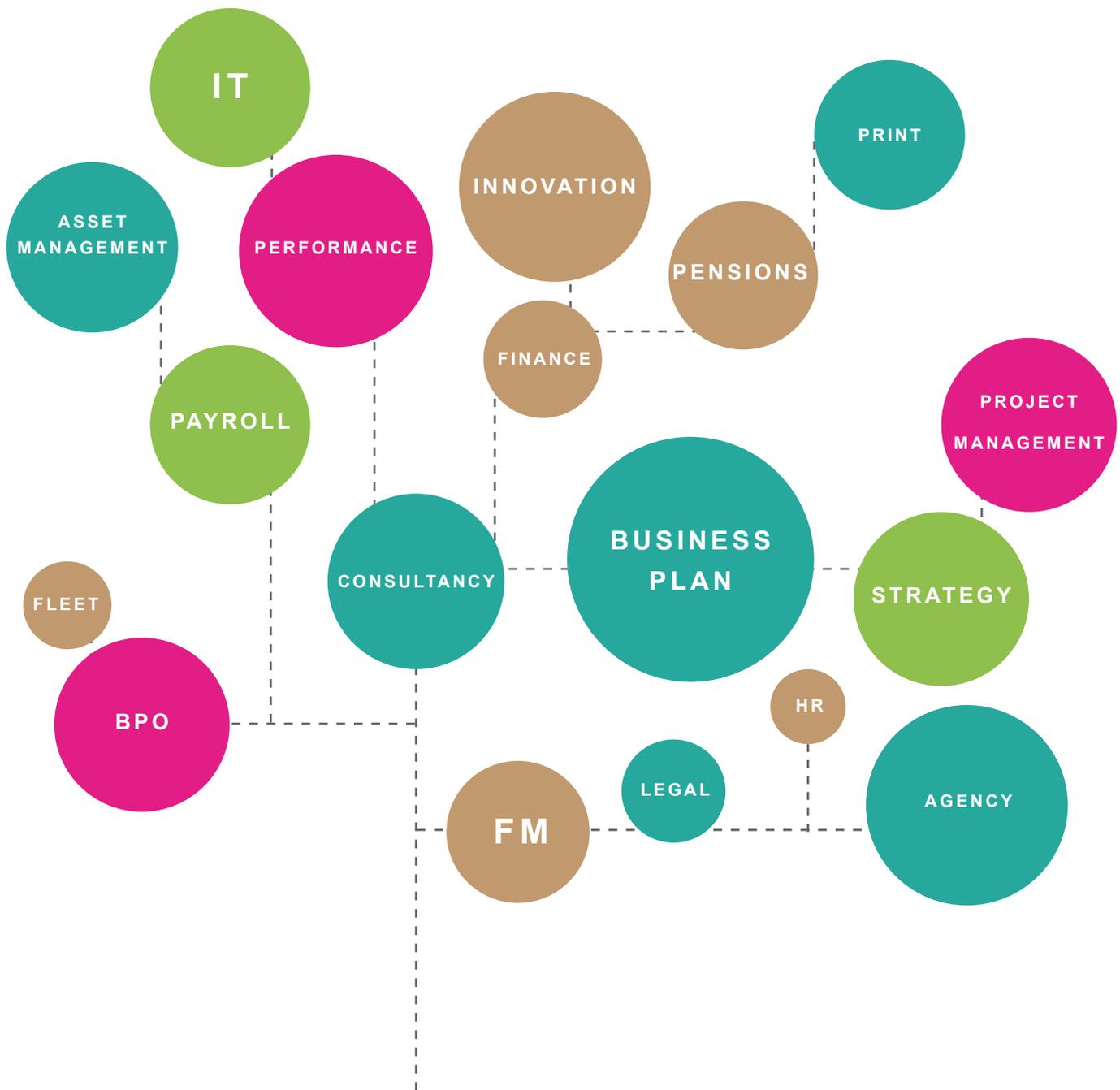
6.2 THE GROWTH ROADMAP

The Delt growth roadmap has the same generic risk profile as that found in every industry. Growth opportunities offering the lowest risks are the provision of new services to existing customers. The highest risk opportunities involve new services to new customers.



- New services to existing customers – there is scope to expand the IT services offered to existing customers through on-going project work; increasing the range of applications available to the customer to fulfil specific requirements, and by working with the customers to better leverage the capability inherent in their existing platforms.
- Existing services to new customers – within the past year there have been several of these opportunities identified and Delt has actively submitted tenders to provide IT services to new customers. We will continue to do so for both IT and new business areas. However, as a legacy of our public sector past we are unlikely to fare well in procurements that are predominantly cost driven.
- New services to new customers – covered in the Delt Sectors section below.

6.3 DELT SECTORS



The original Delt business case envisaged growth in services beyond IT to the original partners and contains several references to this:

'It is envisaged that, in future, other services could be transferred into the company once the company becomes established.'

'... includes savings accruing to the new expanded partner base'

‘The partners have acknowledged the need to embrace shared services’

‘setting out the basis for establishing a new joint venture company to share, in the first instance ICT’

Delt did not set out to be solely an IT company and the aspiration from the outset was always to move beyond IT and the original Delt partners. Shared services offer a model across multiple sectors that include HR, Finance, Facilities Management, Asset Management, Fleet Management and Recruitment to name a few, where partners can reduce costs and obtain better quality services.

The Plymouth City Council Payroll and Pensions service will transfer to Delt on the 1st May 2018. This important milestone demonstrates the viability of Delt as a vehicle for sharing a range of back office services. Following the integration of this service, the PCC Print and Document Management service will (subject to consultation) transfer to Delt later in 2018. Additional PCC services are in active planning for transfer. Although we will pursue third party opportunities for new service lines as they arise, our primary strategy for horizontal growth in services (at least those that are consumed by our existing shareholder) is to contract with an existing partner, initially using their staff and existing skills and then applying the existing Delt model to build that service into a wider offering through the application of commercial principles. Trying to sell a commercial proposition that is not attractive enough for an existing shareholder to consume is unlikely to be a compelling proposition.

It is clear, whilst studying existing successful shared services, that for Delt to have real long term viability, it must continue to expand its shared offering into multiple back office services and with this in mind we are investing in the active pursuit of sharing opportunities across our region.

6.4 MERGERS AND ACQUISITIONS

Delt is not the only shared service to be created by Local Government in the South West. There are several other organisations with similar objectives that have been formed in recent years and which have delivered varying results. Whilst the size of the market in the South West is undoubtedly sufficiently large to accommodate more than one shared service operation, it makes sense to consolidate services funded from the same central source under a single operation. Delt has delivered substantially better financial returns than any other comparable shared service organisation in the South West and is well placed to maximise the advantage that may accrue from regional consolidation.

During early 2018 Delt found itself as a viable (and ultimately preferred) bidder for a small cyber security acquisition. Although the purchase did not go ahead, as the seller (a FTSE 250 company) decided not to sell, the fact we were in serious contention alongside national and international bidders does demonstrate that growing our business through acquisition is a route that should be considered.

6.5 BUSINESS DEVELOPMENT AND COMMERCIAL BUSINESS

Previously our business development approach had been to leverage existing relationships stakeholder executives have with other Public Sector or Public Interest bodies. During 2017 Delt chose to invest in an interim Head of New Business to better manage the lengthy decision cycle and service take on processes involved in winning public sector work. This has moved a significant number of opportunities much closer to fruition with one landed and several others much closer to contract.

Within the 20% Teckal threshold Delt currently has a revenue opportunity of more than £3m per annum. Opportunities in this arena are currently pursued on an “as and when” basis with bid teams taken from existing resource to support as necessary. Given the scale of the commercial opportunities and the resource commitment required to influence the agendas of Local Government customers, there is a strong argument to invest greater resource in business development to accelerate the growth agenda. Subject to ongoing satisfactory performance delivered through the interim New Business role we will seek to make this capability permanent



6.6 GROWTH STRATEGY

Our strategy for growth is as follows:

- No new service must be allowed to negatively impact the levels of service for the existing IT business. Growth is important, but cannot come at any cost.
- We should target services where we can add the greatest value. Some outsourced services provided by external suppliers to potential customers are already provided to a consistently high standard with limited scope for cost reduction other than through reduced volumes. In these circumstances, it is questionable whether Delt can add significant value (either service improvement or cost reduction) over an initial 2-3 year period, whilst the start-up investment costs and risks can be considerable.

- The socio-economic benefits of Delt will be greatest in the health economy, where there is currently huge potential to improve interoperability through standard platforms and data sharing.
- Delt, as an arm's length operator, has considerably greater flexibility to bring about change, than exists in either of the shareholder organisations. It is this flexibility that must be leveraged.
- Whilst cost of services may be the initial focal point for a potential shared service, none of the organisations with which Delt is currently in discussion are considering a commercial outsource with elements of offshoring – which will provide the ultimate lowest cost solution. This suggests that Delt's unique proposition which includes our Teckal status (no complex or expensive procurement), economic (jobs, regional economic activity), governance (our big customers are shareholders and thus retain control), social and resilience considerations should influence decision makers. We will focus our message on this.
- In addition, we will continue to actively respond to commercial tender opportunities as they become known and will remain open to mergers or acquisitions as further growth opportunities.

6.7 GROWTH PROJECTIONS

This section of our Business Plan includes predictions, estimates or other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this plan. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events.



The models below examine various scenarios with additional customers (conventional fee for service, no ownership, no dividend) and additional shareholders of both vertical (more IT) and horizontal (other back office services) growth. The scenarios are indicative only and do not reflect our order book. They have been calculated by looking at the relative values of back office services seen in benchmark organisations, extrapolated to fit the Delt model. Whilst it is tempting to forecast not just revenue but potential surplus, this becomes increasing speculative in later years as the mix of customers and services changes.

Furthermore it appears likely that some customers or services will move to Delt for reasons of socio-economic gain or regional strategic benefit rather than pure surplus generation. Ultimately the targets for surplus generation vs delivery of other Delt objectives will be agreed by our shareholders on a contract by contract basis. We have forecast revenue only for models other than the baseline. The basis for the models was data taken from two similar shared services companies – Hoople Ltd, which is of a similar size and SBS Ltd which is closer to our target size. Both of these organisations offer a full range of back office services and we have used the ratio of the revenue derived from their IT business compared to that generated from other back office services to indicate the potential income from a Delt expansion into full back office services. Although there are other models that can be calculated we have included only two for simplicity. The least optimistic model assumes a small degree of growth in existing services only (IT and Payroll). The most optimistic model assumes both new partners and a full range of new services. The reality is likely to be somewhere between the two, but we are very much in the realms of speculation.

CURRENT PARTNERS ONLY BASELINE MODEL - CONFIDENCE LEVEL: 90%

	18/19	19/20	20/21	21/22	22/23	23/24	24/25
REVENUE	16,485	16,554	16,579	16,594	16,609	16,649	16,829
SURPLUS	800	150	200	200	275	300	300

Delt projected future surplus (as at Mar 18).
Current partners only. ICT+Payroll services only.

LEAST OPTIMISTIC GROWTH OUTCOME CONFIDENCE LEVEL: 75%

	18/19	19/20	20/21	21/22	22/23	23/24
REVENUE	17,735	19,074	19,165	19,259	19,355	19,455

Delt projected future revenue (as at Mar 18).
Current partners + new customers in years 1 and 3.
ICT + Payroll services only.

MOST OPTIMISTIC GROWTH OUTCOME CONFIDENCE LEVEL: 25%

	18/19	19/20	20/21	21/22	22/23	23/24
REVENUE	37,431	40,708	47,509	48,457	50,465	51,174

Delt projected future revenue (as at Mar 18).
New customers in years 1 and 3. New PCC size partner
in year 2. New CCG size partner in year 4.
Includes additional back office services.

7.1 DELT IT STRATEGY

Our IT strategy is closely aligned with that of our partner organisations and will need to evolve as their own strategic directions change. The following set of principles outline our approach to technology:

- Technology will maintain or seek to enhance the customer experience enabling Delt to continue to deliver its brand promise that “every customer interaction at every level is seen as positive”.
- Service Excellence is at the heart of everything we do.
- The solutions we deliver should always improve our customer’s lives, by being effective enablers, not blockers, so that they can work as effectively and efficiently as possible.
- Look left, right, down and up. Never assume there is no-one else there. Before you begin, always look for the possibilities to collaborate, partner and learn.
- Digital by default, Cloud when appropriate. That said, there will be occasions where a digital solution is the wrong solution. Although our work centres on digital, our task is to make business processes better, faster and cheaper. Sometimes, that might be achieved best in a traditional or hybrid way.
- Where it is cost effective to do so, contract for consumption of services rather than paying for hardware.
- Delt will remain a Microsoft house for core datacentre, operating systems and office applications and will actively seek to adopt the newest versions of these products, but will continue to explore open source or alternate vendor alternatives.
- Delt welcomes supportable and secure open source solutions.
- Delt will be early adopters of new technology, piloting new solutions. Failure is an opportunity.
- Business requirements drive technology. Technology drives business process. Both are acceptable but people must always be considered first (or the technology or process will fail).
- Standardise hardware and software. Simplify the user experience. Share as much as possible, and challenge those who stand in the way of sharing.

- Provide a corporate experience that closely reflects what users have at home.
- Access to all information, anytime, everywhere. Subject to appropriate security, enable work being something you do, not somewhere you go.
- Deliver highly resilient services (only) if it is appropriate to do so.
- Promote re-use over buy over build. Recycle what is no longer needed with either the maximum community benefit or lowest environmental impact.
- Focus on proactive IT services over traditional reactive services.
- Cyber Security must also be proactive, not reactive. It should not be used as a barrier to collaboration.
- Recognise that though Delt can make it difficult, it is only a question of time before Delt is hacked, and must plan for this.

7.2 DELT TECHNOLOGY AND IT SERVICES ROADMAP

The Delt Technology and IT Services Roadmap ensures that the Technology and IT Operations are closely aligned to our strategic business goals.

One of the importances of the roadmap is to ensure that customers can see clearly how their needs are met by Delt and to identify propositions that could be commercialised with Delt as a centre of excellence / expert knowledge and taken to market to a wider customer base. Further work is required to develop propositions with Delt as a centre of excellence and to link this to relevant market opportunities. However, it is expected that common to most customers will be a requirement to rationalise systems and make increasing use of a common infrastructure for the delivery of services.

The IT services roadmap provides an emphasis on IT service excellence and builds on the success to date ensuring that Delt's IT organisation can effectively respond to the evolving technology landscape and business challenges faced by our customers. The plan establishes the foundations needed to evolve and improve service delivery which closely aligns to Delt's objectives.

Our roadmap can be found in the Appendix to this document.



7.3 CAPITAL PLANNING FOR TECHNOLOGY INVESTMENTS

The technology world changes very quickly and something that is a standard today could be obsolete in less than 12 months. This makes future planning of major capital spend difficult so Delt has adopted the following approach:

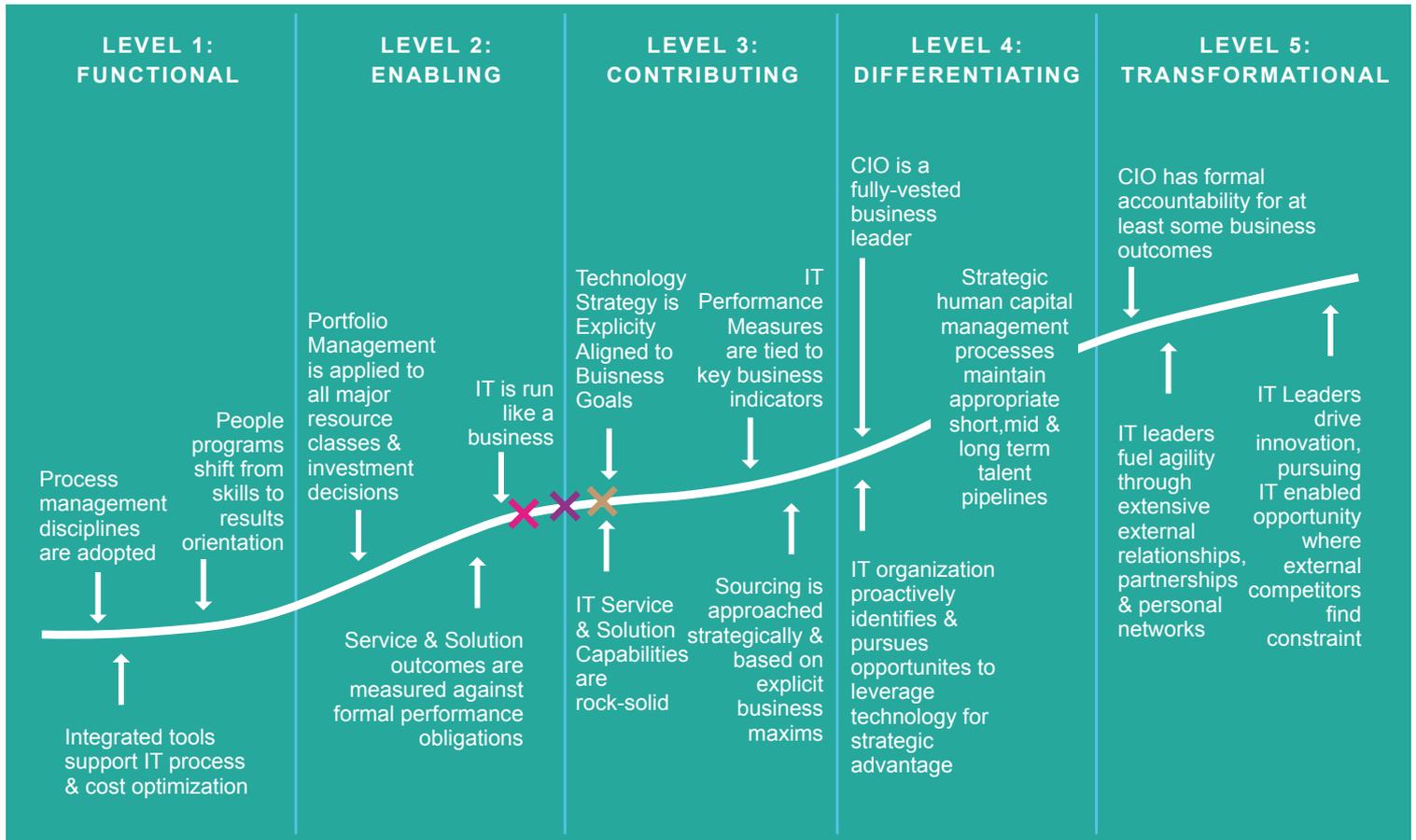
- Model retention of the capability we have available today.
- Allow for known growth or contraction.
- Sweat assets until they are no longer supportable or performant.

A capital plan has been created on this basis with investment evenly phased over the remainder of the contract period to balance both the technology requirements and the demands on financial resources for funding purposes. Whilst the projections run for the remainder of the contract period it is recognised that platforms and systems of the future will be very different from those of today. The capital plan allows for investment in relevant and appropriate technology on an ongoing basis.

7.4 FUTURE DEVELOPMENT OF OUR IT SERVICE

Using the industry standard Gartner 'IT Score' Delt currently measures as 3.1 (2017: 3.0, 2016: 2.8) against a Service Industry benchmark of 2.7, putting Delt into the category of 'Contributing'. It is our intention to seek further improvement to this score, demonstrating greater value from IT to our partners over the next year. Ultimately our goal is to become a Level 4 provider, but to achieve this requires change not just within ourselves, but in the way we are commissioned and managed by our clients.





Gartner Group 'IT Score' model

X Delt 2016

X Delt 2017

X Delt 2018

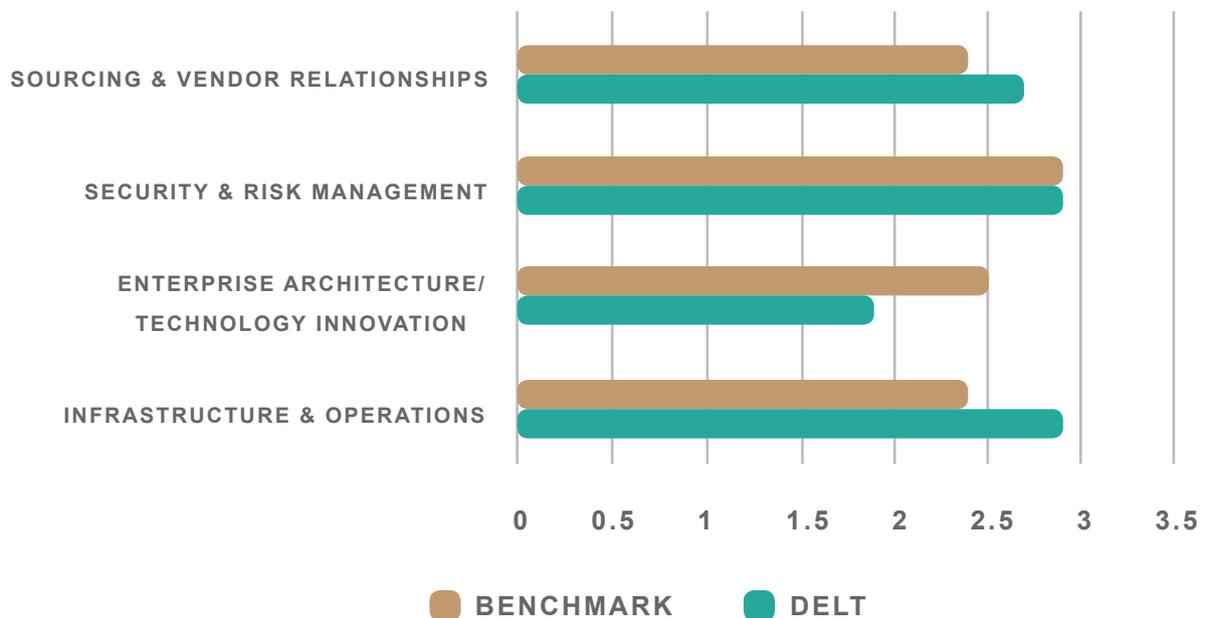
Gartner advises the following actions to improve our current IT Score:

- Further develop strong stakeholder relationships to best enable the full exploitation of information technology. This is perhaps better put as 'helping the client understand what they need, not just want.'
- Develop governance mechanisms and decision criteria for appropriately balancing IT investments and services against run, grow and transform allocation parameters.
- Explicitly align technology roadmaps, investments and design decisions to our strategic goals.
- Develop a service based costing model.
- Develop business based financial management reporting.

- Create a procurement skillset across the company focused on delivering value to the purchasing of goods and services whilst being aligned with our technology roadmap.
- Hone program and project management disciplines to continuously improve latency and accelerate delivery times for change projects.
- Apply robust organisational change management capabilities.
- Begin to apply mid and long range strategic planning to the IT workforce capability and skill portfolio.

Gartner no longer provide benchmark data for an organisations overall IT Score, but instead benchmark against the individual components that make up the total score.

DELT IT SCORE 2018



This indicates that the only area we lag behind our benchmarks is in enterprise architecture and innovation and the following specific steps will be taken to address this gap:

- Reassess our approach to EA and define a narrow and achievable set of target business outcomes that will deliver real business value in the short term.
- Create a plan for developing the deliverables, implement the appropriate governance and communication plans to ensure adequate support for the practice in the early stages.
- Making the desire to innovate a constant theme of communication during the year.
- Removing any perceived barriers to allowing failure. Innovation means you need to allow people to fail!
- Finding ways to more formally recognise and reward innovation.

8.1 RESOURCE PLANNING

The resource plan for 2018/19 shows an increase in heads (FTE) to an average throughout the year of 163 (2017/18: 141). This includes 2 contractors and 18 FTE positions within the Payroll and Pension service that transfers from Plymouth City Council on May 1st. There is an overall increase in resource added to each of the Business Support, Infrastructure & Operations and Solution Delivery teams to boost both collective capability and capacity. The increase also includes 3 Degree Level apprentices, a development from the 2017/18 plan designed to grow and develop a pipeline of technical skills. The table below shows average headcount in each team expected in 2018/19.

WORKFORCE PLAN	HEADCOUNT		
	PERM	CONTR	TOTAL
MANAGEMENT	3		3
BUSINESS SUPPORT	35		35
INFRASTRUCTURE & OPERATIONS	86		86
APPLICATIONS	15		15
SOLUTIONS DELIVERY	22	2	24
TOTAL FTE	161	2	163

Limited use of contractors is planned, with this type of resource expected to fill specific capability or skills gaps normally driven by the specific requirements and complexities of customer projects.

The workforce plan has been compiled using the following assumptions:

- The customer base remains unchanged although the services increase through Payroll and Pensions. The addition of new clients or shareholders will result in a need to increase staff in operational areas. Exact requirements will be compiled as part of the development of a service proposition for each new customer.
- Delt continues to meet its SLAs and these remain unchanged. Significant changes to the level of performance required under individual SLA may have an impact on the resource requirement.
- The volume of project work and activity is aligned to the annual revenue targets established in the 18/19 budget. Sufficient resource has been included in the budget to allow for the delivery of project revenue from internal resource. Whilst it can reasonably be expected that some skills, not specifically budgeted, may be required to achieve this, the cost of the recruitment of those skills should be funded from within the budget or from incremental revenue that is more than the established revenue targets. Any material change in project activity will drive a requirement for additional resource, however this should be self-funding as a minimum.

8.2 OUR PEOPLE PROMISE

In supporting our planned growth in services, we are acutely aware of the need to develop our people to support the growth agenda. The ability to generate a supply of current and future skills are vital to the success of growing both our IT services offering and developing new shared services in partnership with our existing shareholders and new customers.

Getting our people plan right is critical and we use a strategic workforce planning (SWFP) process to provide us with a framework for informed workforce decisions in line with Delt's values, strategic plan and budgetary resources. This will be an ongoing priority as it will provide the foundation required to integrate a range of workforce management strategies including induction, performance management, succession planning and leadership and employee development; these things wouldn't produce the outcomes and benefits we require for our growth strategy if delivered in isolation.

To ensure the SWFP is implemented and embedded successfully there are two critical elements that will underpin the process: integration into the current business planning process and ownership sitting with business leaders.

In early 2018 Delt signed a nationally unprecedented agreement with three major trade unions. This deal ensured that all Delt staff had an effective voice, whether members of a trade union or not. This both removed a perceived barrier to growth in the public sector space (where the TUs were understandably cautious of shared services) and allowed us to further demonstrate that Delt is a truly innovative and people centric organisation.

Since its formation, Delt has had a non-executive Board member appointed from within the workforce. Any member of staff, bar those who report directly to the CEO, is eligible to put themselves forward for the role, which is currently determined by an all staff vote. Having not just a staff voice but a staff vote, directly in the Boardroom is another way Delt seeks to differentiate itself and build the best possible place to work.

8.3 OUR COMMITMENT TO CREATING A HEALTHY AND HAPPY WORKPLACE

At Delt we recognise employee engagement and retention are impacted by all aspects of an employees' experience and this is why we have an integrated approach to creating a healthy and happy workplace. Organisations that invest in their people gain improvements in employee motivation, performance and retention; customer satisfaction, profitability and business resilience. Our investment in people not only creates a tremendous impact on the overall engagement and wellbeing of our staff, but also supports our ability to continue to make a significant impact to the rest of our organisation, our shareholders and our community. Our integrated approach ensures that all of our workforce initiatives are developed and driven to build a healthy culture versus creating stand-alone programmes or initiatives.



8.4 BUILDING OUR TALENT PIPELINE

Central to the Delt values is a commitment to develop our people. This is not entirely philanthropic as people who can develop are happier and more productive employees. Delt recognise that developing our people is much more than providing loosely targeted training and that it is essential to plan for the future by deliberate and measured succession planning.

We have a strong Performance Management Framework and Talent Review process to support our ability to facilitate a culture where employees and leaders are engaged in ongoing conversations about personal development, growth and impact within Delt. By identifying critical skills gaps for future needs and translating it to relevant and timely development plans, we are able to achieve our workforce readiness goals:

- Fill vacancies for key roles by building an internal talent pool of candidates with critical business skills.
- Fill sudden vacancies for key roles immediately.
- Maintain a flexible workforce – and move talent internally to maximise return on talent.
- Increased performance productivity and effectiveness.

To achieve our goals we are focused on the following priorities:

1. A commitment to enhancing the competences and capabilities of staff through a culture of continuous training and improvement; focused on team and organisational development as well as individual technical skills.
2. Engagement with secondary and higher education to develop a pipeline of talent in all core skills, but with an initial focus on digital skills.
3. Apprenticeship degree for Digital Skills working closely with Plymouth University and City College. This affords any school leaver from both GCSE and A Level to join the scheme and be employed by Delt whilst achieving a degree qualification.

Delt will continue to build opportunities for talent management and career development that will form an important part of future activities, linking strongly to activities which engage our employees and encourage their personal development.

8.5 PERFORMANCE REWARD

Subject to satisfactory financial performance of the company, we intend to introduce an element of performance reward for staff to recognise the delivery of specific objectives. At least initially, this will be a small sum financially (a total reward pool, of 1% of our salary budget). The expectation is not so much that the introduction of the scheme will suddenly drive greater performance (evidence on this is mixed), but that it will deliver more proven side benefits such as greater motivation and engagement, better clarity of job purpose, improved feelings of fairness and more engaged conversations between managers and employees.

8.6 HEALTH, SAFETY AND WELLBEING

A significant area we are committing to addressing this year is the overall physical, mental and emotional health and wellbeing of our staff which is a critical component to our overall commitment to a happy and healthy workplace.

In 2018/19 we will also be signing up to the Workplace Wellbeing Charter, a national workplace health, safety and wellbeing award which will enable us to be benchmarked against best practice standards in the UK. This will lead us to create new initiatives that will ensure we are increasing productivity, reducing absenteeism, enhancing employee morale, attracting and retaining high-quality employees and creating a great place to work.



**THE WORKPLACE
WELLBEING CHARTER**
NATIONAL AWARD for ENGLAND

8.7 PEOPLE AND COMMUNITY

Delt supports two local charities (whose own visions are aligned with our objectives) offering occasional no charge use of our manpower. Groups from Delt carry out work on a paid leave basis, both supporting the charity's goals and acting as team-building opportunities. Although participation is not compulsory, all staff members are encouraged to take part allowing Delt to be recognised as a positive force in the community.

For staff who carry out voluntary work for registered charities, Delt matches up to two days taken from the staff member's annual leave entitlement with the same amount of paid "Charity leave". Delt firmly believe in the benefits of volunteering and that it can be a fulfilling experience for all concerned. The charity benefits from attracting volunteers with the skills, experience and enthusiasm needed and Delt people gain new skills and experiences, often applicable to their role at work.



9. THE FINANCIAL PLAN

9.1 FINANCIAL GOVERNANCE

Financial Governance is embedded within the Delt set-up through the Shareholder Agreement and Delegations of Authority that establish defined limits for each of the Board, Executive, Senior Leadership and other members of staff.

The Company's turnover and scale of operations means that the work that would normally be handled by an Audit Committee remains with the Board. External Auditors are appointed by and report directly to the Board, culminating in the required annual statutory returns being lodged with Companies House and HMRC.

The review of governance arrangements will see Delt introduce an internal audit function for 2018/19. Due to the complexity of our services and growth plan, the Board needs to have independent assurance on key systems and processes.

9.2 FINANCIAL STRATEGY

Delt is a growth company with a financial strategy to match. The key elements of the strategy are:

- To grow revenue year on year;
- To continuously drive down cost of sales and operating costs and develop long term value in our supply chain;
- To deliver an annual surplus reflecting partner savings from the use of Delt as an alternative delivery vehicle for IT services;
- To deliver to a taut financial model that enables the company to accumulate sufficient reserves and to deliver to the agreed Business Plan and related objectives;
- To invest in staff and facilities where appropriate to enable the company to deliver against the Business Plan and related objectives;
- To leverage Delt's financial stability to build confidence with potential customers in the company's long-term delivery capability; and
- To return surplus funds to shareholders.

9.3 2018/19 BUDGET HEADLINES

Delt produces an annual budget which is recommended by the Board and approved by the Shareholders. The key 2018/19 budget assumptions are:

- An increase in turnover to £16.49M (2017/18: £15.32M) which includes the transfer of the PCC payroll and pensions service on May 1st 2018.
- No increase in the project income for next year (£1.40M), but a stretch target to increase gross margin;
- A slight reduction in gross margin to £3.72M (2017/18: £3.78M) from the additional costs of servicing unitary charge activities. This change is driven by the effect of the budgeted pay rise and the continual upward trajectory on some supplier contracts;
- The recognition of partner capital funding as other income;

- That total overheads increase to £3.14M (2017/18: £2.86M) resulting from an increase of depreciation charges of £260k. This is directly linked to the significant capital investment of £1.3M in 2017/18 for the data centre refresh;
- Continued capitalisation of a greater portion of labour costs related to the development of shared infrastructure used to manage Delt operations and deliver customer services;
- A total capital expenditure program amounting to £0.56m.
- A planned distribution to shareholders of £800k (2017/18: £800k) from the budgeted surplus and retained reserves.

9.4 CONTRACT PERIOD

The table below shows the actual results achieved in prior years and the current projections for the remainder of the contract period. The table is formulated based on existing contracts including Plymouth City Council's payroll and pensions service which transfers on May 1st 2018. The impact of new customer wins will be overlaid once the full impact of the commercial terms agreed with any such customers and the timing of the changes are known with greater certainty.

Business Plan Tables
P&L
£000's

	BY FINANCIAL YEAR												
	14/15**	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25		
	Actual £'000	Actual £'000	Actual £'000	Fcst £'000	Budget £'000	Plan £'000	Plan £'000	Plan £'000	Plan £'000	Plan £'000	Plan £'000		
Unitary Charge & overhead revenue	4,112	11,688	9,906	10,263	10,757	10,757	10,757	10,757	10,757	10,757	10,757		
Resource recharge income	-	-	977	1,575	1,636	1,705	1,730	1,745	1,760	1,800	1,980		
Non-resource recharge income	-	-	3,072	2,883	3,500	3,500	3,500	3,500	3,500	3,500	3,500		
Other revenue	-	-	-	595	592	592	592	592	592	592	592		
TOTAL REVENUE	4,112	11,688	13,955	15,316	16,485	16,554	16,579	16,594	16,609	16,649	16,829		
<i>Total revenue growth</i>	<i>0.0%</i>	<i>184.2%</i>	<i>19.4%</i>	<i>9.8%</i>	<i>7.6%</i>	<i>0.4%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>1.1%</i>		
TOTAL COST OF SALES	(3,232)	(10,086)	(10,199)	(11,538)	(12,768)	(12,581)	(12,548)	(12,504)	(12,461)	(12,440)	(12,546)		
TOTAL OVERHEADS	(780)	(610)	(1,492)	(2,859)	(3,143)	(3,422)	(3,466)	(3,588)	(3,842)	(3,948)	(4,186)		
TOTAL SURPLUS	100	992	2,264	919	574	551	565	502	306	261	97		
Total Surplus 2017/18 Business Plan	72	992	1,200	1,002	1,325	1,328	1,604	1,689	1,506	1,559	1,457		
2018/19 Planned distributions	-	-	-	800	800	150	200	200	275	300	300		
											18/19 Business Plan update of total distributions over contract period	3,025	
2017/18 Business Plan					800	385	150	200	200	275	300	300	
Distributions per Business Plan 17/18												17/18 Business Plan forecast of total distributions over contract period	2,610
** part year												Change in total distributions forecast over contract period	415

9.5 CAPITAL EXPENDITURE PLAN

The capital expenditure financial summary is included in 10.4 below.

The capital expenditure program on shared Delt infrastructure has reduced by £4.6m over the contract period from £8.6m to £4.2m. The key changes to the programme over the contract period are:

- Decrease in the assumption around the capitalisation of internal operating costs (predominantly labour) within the capital programme- £3.69m.
- Based on the investment in the data centre refresh project, there is, at this juncture, an overall reduction in hardware and software investment for the balance of the contract.
- In the medium term these projections will change as Delt adapts to developments in technology.

9.6 PENSIONS

The company's employees belong to one of three pension schemes: the NHS Pension Scheme for ex-NHS (TUPE'd) employees; and the Local Government Pension Scheme (LGPS) for ex-council (TUPE'd) employees. Both are defined-benefit schemes. New Delt employees have the option to join a defined contribution scheme in which Delt matches the employee's contribution to a maximum of 10%.

The deficits in both defined benefit pension schemes are managed outside of Delt (For the NHS scheme by Central Government and for the LGPS, by Plymouth City Council). New arrangements in respect of the LGPS scheme have been agreed with PCC and became effective from 1 April 2016. Under the new arrangement any deficit arising because of a shortfall in respect of former PCC employees now employed by Delt, is consolidated with the total deficit managed by PCC. Delt has increased the rate of employer pension contributions, based on actuarial guidance, to a level that is supportive of the full cost over the remaining life of the contract being covered by Delt.

The contribution rate for the LGPS pension scheme in 2018/19 remains at the same level as 2017/18. This will not be adjusted for the transfer of the PCC payroll and pensions service in May 2018 but will be kept under review as and when additional services are transferred.

9.7 TAXATION

Delt enjoys 'mutual trading' tax status within its Teckal structure which means that corporation taxation is paid only on profits generated from commercial work. Any surplus generated from the provision of services to shareholders is exempt for corporation tax purposes.

10.1 CONTRACT PROFIT AND LOSS

Delt - Remaining Contract Period Forecasts

Contract Year Number	4	5	6	7	8	9	10
	BY FINANCIAL YEAR						

SUMMARY P&L							
P&L Line	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Revenue							
Unitary Charge income	10,757	10,757	10,757	10,757	10,757	10,757	10,757
Overhead income	-	-	-	-	-	-	-
Resource recharge income	1,636	1,705	1,730	1,745	1,760	1,800	1,980
Non-resource recharge income	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other revenue	592	592	592	592	592	592	592
TOTAL CONTRACT REVENUE	16,485	16,554	16,579	16,594	16,609	16,649	16,829

Less: Cost of Sales							
Unitary & Other Charges	(7,994)	(7,547)	(7,490)	(7,434)	(7,377)	(7,320)	(7,263)
Resource Recharges	(1,274)	(1,534)	(1,557)	(1,571)	(1,584)	(1,620)	(1,782)
Non Resource Recharges	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)
Total Cost of Sales	(12,768)	(12,581)	(12,548)	(12,504)	(12,461)	(12,440)	(12,546)

Unitary & Other Charges	3,355	3,802	3,859	3,915	3,972	4,029	4,086
Resource Recharges	362	170	173	175	176	180	198
Non Resource Recharges	-	-	-	-	-	-	-
GROSS PROFIT	3,717	3,972	4,032	4,090	4,148	4,209	4,284
Gross profit margin	22.5%	24.0%	24.3%	24.6%	25.0%	25.3%	25.5%

Overheads							
Total Salaries & Wages	(1,859)	(2,022)	(2,103)	(2,187)	(2,274)	(2,365)	(2,460)
Total Other Staff Costs	(152)	(155)	(158)	(162)	(165)	(168)	(172)
Total Accommodation & office costs	(306)	(309)	(312)	(315)	(318)	(322)	(325)
Total Professional	(133)	(135)	(137)	(139)	(142)	(144)	(146)
Total Travel	(115)	(116)	(117)	(118)	(119)	(121)	(122)
Total Finance	3	(1)	(2)	(2)	(2)	(2)	(3)

Network hardware, maintenance and support**	-	-	-	-	-	-	-
Software, maintenance & support**	(176)	(178)	(180)	(181)	(183)	(185)	(187)
Desktop hardware and devices**	-	(5)	(10)	(15)	(20)	(25)	(30)
Consultancy fees**	-	-	-	-	-	-	-
Telephony call charges and line rental**	-	-	-	-	-	-	-
Printing and photocopying**	-	-	-	-	-	-	-
Subscriptions**	-	-	-	-	-	-	-
Depreciation	(404)	(500)	(447)	(468)	(618)	(616)	(743)
Revenue / cost / timing challenge	-	-	-	-	-	-	-
Total ICT Purchases	(580)	(683)	(637)	(664)	(821)	(826)	(960)

TOTAL OVERHEADS	(3,143)	(3,422)	(3,466)	(3,588)	(3,842)	(3,948)	(4,186)
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SURPLUS / (DEFICIT) BEFORE TAXATION	574	551	565	502	306	261	97
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TAXATION	-						
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SURPLUS / (DEFICIT) AFTER TAXATION	574	551	565	502	306	261	97
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DISTRIBUTIONS	(800)	(150)	(200)	(200)	(275)	(300)	(300)
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RETAINED INCOME	(226)	401	365	302	31	(39)	(203)
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10.2 RESERVES

RESERVES

Line Item	BY FINANCIAL YEAR						
	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Reserves b/f	3,445	3,219	3,620	3,985	4,287	4,318	4,279
Current year P&L	574	551	565	502	306	261	97
Distributions	(800)	(150)	(200)	(200)	(275)	(300)	(300)
Reserves c/f	3,219	3,620	3,985	4,287	4,318	4,279	4,077
Total operating costs	15,911	16,003	16,014	16,092	16,303	16,388	16,732
Average monthly operating costs	1,326	1,334	1,334	1,341	1,359	1,366	1,394
Number of months in reserves	2.43	2.71	2.99	3.20	3.18	3.13	2.92
Target ratio	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Reserves required	2,983	3,001	3,003	3,017	3,057	3,073	3,137
Surplus / (shortfall) reserves	236	619	982	1,270	1,261	1,207	940

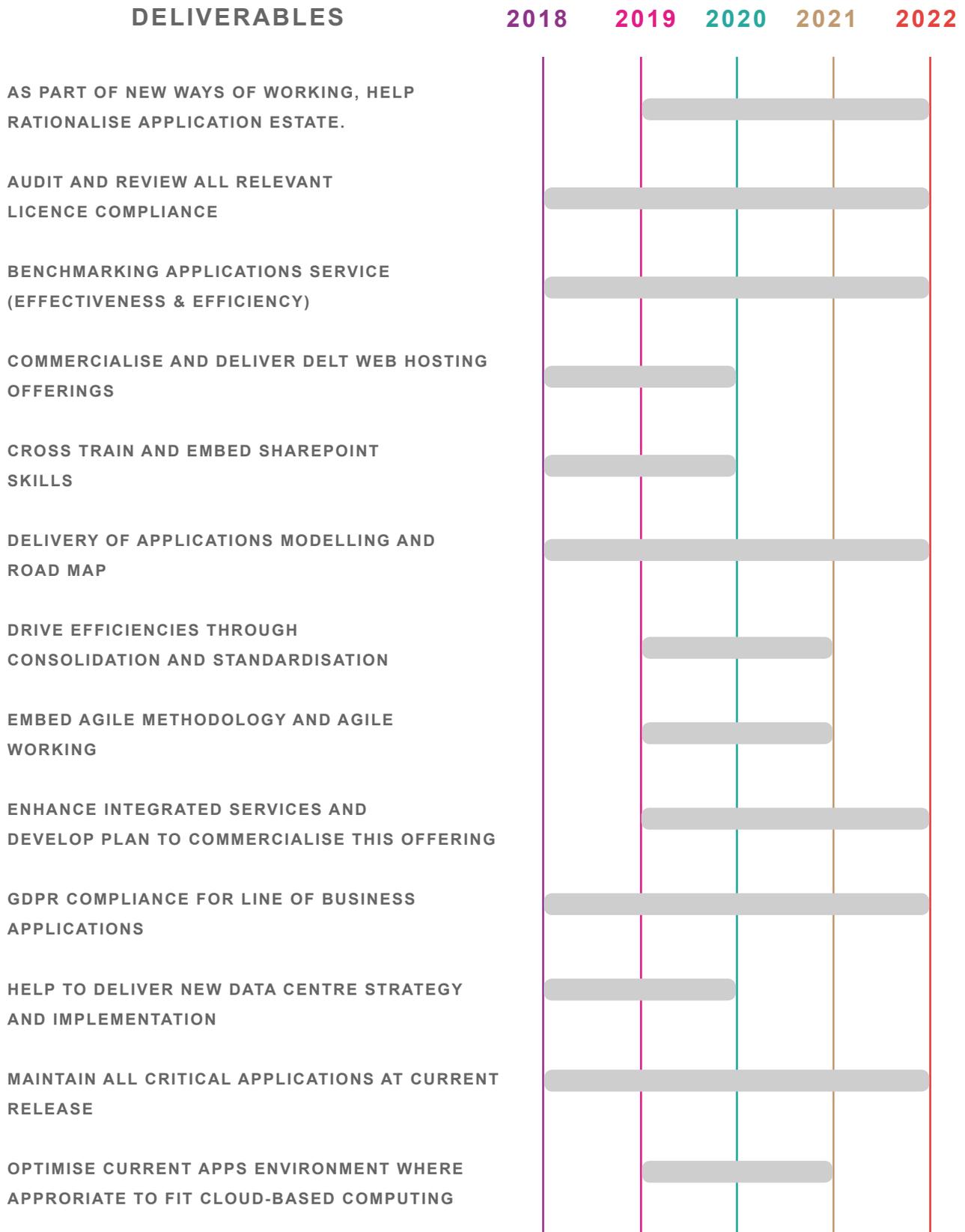
10.3 CAPITAL EXPENDITURE AND DEPRECIATION

Capex Line	18/19	19/20	20/21	21/22	22/23	23/24	24/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Capital Expenditure (re-phased)							
Buildings	-	-	-	-	-	-	-
Hardware	162	195	150	750	490	245	253
Software	300	78	195	300	-	225	300
Professional Services	100	100	100	100	100	100	100
Internal Labour	-	-	-	-	-	-	-
Total Capital Expenditure (re-phased)	562	373	445	1,150	590	570	653
Total Depreciation (re-phased)							
Buildings	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Hardware	(74)	(106)	(145)	(175)	(325)	(349)	(366)
Software	(74)	(174)	(200)	(191)	(191)	(165)	(275)
Professional Services	(250)	(214)	(100)	(100)	(100)	(100)	(100)
Internal Labour	(4)	(4)	-	-	-	-	-
Total Depreciation (re-phased)	(404)	(500)	(447)	(468)	(618)	(616)	(743)

10.4 CAPITAL EXPENDITURE-SHARED INFRASTRUCTURE

The caveat to these projections is that we will always review investment plans based on changes in the technology landscape. The annual partner contributions outlined below are aligned with prior year estimates and represent the required investment in our shared infrastructure.

Capital Plan £000's	By Financial Year - £000's							Total
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
<i>Hardware</i>	162	195	150	750	490	245	253	2,244
<i>Software</i>	300	78	195	300	0	225	300	1,398
<i>Professional Services</i>	100	100	100	100	100	100	100	700
Total	562	373	445	1,150	590	570	653	4,342
Capital Plan in 2017/18 Business Plan	1,209	1,214	1,219	1,224	1,229	1,235	1,240	8,570
Difference	648	841	774	74	639	665	588	4,228
Reconciliation of Partner contributions								£'000
Capital plan as per 2018/19 Business Plan								4,342
Add 17/18 shared infrastructure data centre project								1,300
Less Partner shared infrastructure contributions in 17/18								(595)
Less DELT internal projects not funded from Partner contributions								(900)
Adjusted total to be funded from Partner contributions over remainder of contract period								4,147
Average annual contribution from Partners (rounded to nearest £000)								592
							Partner Funded by:	
							PCC	415
							CCG	177



DELIVERABLES

2018 2019 2020 2021 2022

PROPOSE REVISED TEAM STRUCTURE TO REFLECT CHANGES IN HEAD OF SERVICE, GROWTH AND IMPROVED BUSINESS ALIGNMENT



PROVIDE EXPERT AND RELIABLE SUPPORT AND ADVICE TO ENABLE PCC/TC JOINT CHILDREN'S SERVICES PARTNERSHIP TO SUCCEED



REVIEW RISK OF SAAS PRODUCTS TO ENSURE SUPPLIERS ARE SUSTAINABLE AND VIABLE



TEST AUTOMATION TOOL - FULLY EMBED AND PROVIDE ROI



OBTAIN A WORKPLACE WELLNESS CERTIFICATION



IMPLEMENTATION OF ENGAGEMENT SURVEY



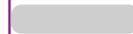
ALL STAFF HAVE PERFORMANCE DEVELOPMENT PLANS



DELIVER HR METRICS TO SLT BI-MONTHLY THAT OUTLINE STAFF LEVELS, WELLNESS AND CRITICAL EMPLOYMENT STATISTICS



CLEAR FOCUS AND ACCOUNTABILTY FROM AN ONGOING CRITICAL REVIEW OF PROJECT FINANCES



EMBED SPECIALIST CONSULTANCY AND ENTERPRISE SOLUTIONS PRACTICES WITHIN PROFESSIONAL SERVICES



ACHIEVE P3M3 LEVELS 2 AND 3



DELT APPLICATION PORTFOLIO STRATEGY



ROADMAP FOR DATA, ANALYTICS AND INSIGHTS



STRATEGY FOR GP-IT



DELIVERABLES

2018 2019 2020 2021 2022

DELT ARCHITECTURE



EMBED INNOVATION FRAMEWORK



ACHIEVE GARTNER IT SCORE OF 3.0 FOR I&O AND STRETCH OF 3.1 FOR 18/19



ENHANCE CUSTOMER EXPERIENCE



INTEGRATE GPIT



DELIVER FLEET STRATEGY



AGILE RESOURCING



DELIVER PEOPLE STRATEGY



DATACENTER STRATEGY



CLOUD STRATEGY



TELEPHONY STRATEGY



DELIVER ITSM STRATEGIC 18/19 PLAN



DEVELOP ISO STRATEGY AND PLAN



EMBED PROACTIVE SERVICES



SHIFT LEFT AND CONTINUOUS SERVICE IMPROVEMENT



ENHANCE SERVICE TRANSITION PROCESS



DIGITAL SERVICE REPORTING



IDENTIFY AND CONSOLIDATE ON A SINGLE MDM PLATFORM



IMPLEMENT AUTOMATED 3RD PARTY PATCHING TOOLSET



SECURITY COMPLIANCE REAL TIME DASHBOARD



DELL TECH DIRECT QUALIFICATIONS FOR INCIDENT TEAM



DELIVERABLES

2018 2019 2020 2021 2022

ENHANCE SOFTWARE LICENSE MANAGEMENT CAPABILITY

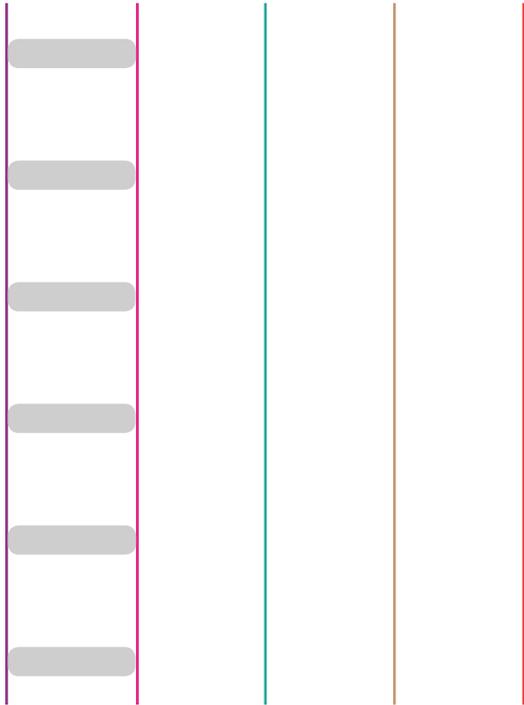
DEVELOP TRAINING STRATEGY AND WIDER OFFERING FOR DELT

ENHANCE CAPACITY MANAGEMENT WITHIN INFRASTRUCTURE

DELIVER DRILL THROUGH REPORTING FROM CIVICA DATABASE USING POWER BI

SETUP AN INTERNAL PROCUREMENT FUNCTION

INTRODUCE CAPITAL REVIEW MEETING TO MONITOR IN YEAR CAPITAL SPEND AND RISKS/OPPORTUNITIES



DELIVERABLES	2018	2019	2020	2021	2022
DEVELOP AND EMBED AN APPROACH TO PROCUREMENT AND SUPPLIER MANAGEMENT THAT DRIVES VALUE TO DELT'S SERVICES	█				
RESEARCH AND PREPARE BUSINESS CASE FOR NEW HCM/FINANCE SYSTEM	█				
SMART EVENT MANAGEMENT	█				
AUTOMATION/ARTIFICIAL INTELLIGENCE	█				
SESSION BASED COMPUTING STRATEGY (VDI)	█				
PILOT NEXTHINK ACT & ENGAGE	█				
AVAYA TELEPHONY UPGRADE TO ENABLE IVR AND VIRTUAL AGENT CAPABILITY	█				
IMPLEMENT SERVICE DESK CHATBOT	█				
ENHANCE THE ABILITY TO UNDERTAKE MORE REGULARY RESTORATION OF DATA FROM BACKUP TO ENSURE BACKUP INTEGRITY IS MAINTAINED.	█				
AMAZON EXPERIENCE FOR SERVICE REQUEST FUFILLMENT.	█				
EMBED A CENTRE OF EXCELLENCE FOR BUSINESS CHANGE MANAGEMENT	█				
MICROSOFT CERTIFIED PARTNERSHIP	█				

