

## **NORTH SOMERSET COUNCIL DECISION**

**DECISION OF: DIRECTOR OF CORPORATE SERVICES (S151 OFFICER)**  
**ADVISED BY: HEAD OF PROCUREMENT**  
**DIRECTORATE: CORPORATE SERVICES**



**DECISION NO:** CSD027 (2025-26 Scheme)

**SUBJECT:** CONTRACT AWARD REPORT FOR THE APPOINTMENT OF A LONG-TERM STRATEGIC PARTNER TO DELIVER PAYROLL AND SYSTEM ADMINISTRATION (SSP CONTRACT 5)

**KEY DECISION:** YES

**REASON:** The value is over £500,000 and is considered to have a material impact on more than two wards.

### **BACKGROUND:**

Since October 2010, our range of Payroll and iTrent System Administration have been delivered under the Agilisys Support Services contract, sub-contracted to Liberata. In addition, HR transactional services were also provided under the same arrangements but these were returned to an in-house provision in 2020.

Accuracy of the payroll service has been generally excellent during the period of the contract, however improvements and developments for the service via the HR/Payroll system have not been as positive for a variety of reasons. Following a number of working groups held to determine the future of the service it was clear that there was a desire to deliver the service in a more collaborative way moving forwards and that this was best delivered by seeking to make this a shared service.

In September 2023, the Council agreed to the division of the legacy Support Services contract and moving future delivery towards a more agile multi-provider model, followed by the commissioning intentions plan for remaining services decision at Executive in December 2024. A market assessment and a supplier selection process has been run to identify a new delivery partner for Payroll/System Administration (SSP Contract 5).

“SSP Contract 5” delivers the entire range of payroll services for the council’s employees and workers, a number of individual contractors/self-employed personnel, historical pensioners, a number of LEA schools and North Somerset Environment Company.

This decision seeks approval to appoint the preferred supplier (Delt) as the long-term strategic partner for this contract. In December 2024, Executive agreed to the commissioning plan and the final award decision will be taken by the Director of Corporate Services/Section 151 Officer with advice from the Head of Procurement in line with contract standing orders delegations.

Approval is sought to award a contract at the tendered price of £215k p.a. over a ten-year term, following a competitive supplier selection process. The payroll contract will utilise similar terms and conditions to other contracts the council enters into with Delt. The period of the payroll contract will match the NSC/Delt ICT contract arrangements to ensure the provision of the HR/Payroll IT system (Midland iTrent) and the payroll service are for the same duration.

An additional one-off cost of £7,500 related to the transfer of staff will be incurred in 2025/26.

### **DECISION:**

Approve a contract award to Delt Shared Services Ltd, 2 Derriford Business Park, Plymouth, PL6 5QZ. Company number 09098450. The contract value based on a baseline value for 2025/26 prices which equates to £215,000 exc. VAT per annum. The contract is for a ten-year period and will be subject to annual indexation.

Contract to commence 1<sup>st</sup> October 2025.

### **REASONS:**

To ensure engagement and understanding across the organisation, significant internal consultation of Officers was carried out, resulting in the following 'areas for improvement' for the services delivered under the existing Support Services contract.

All recommendations were adopted to shape the council's requirements and procurement approach:

- Move towards multiple contracts with stronger alignment with service needs.
- Ensure increased levels of service lead engagement and contract management.
- Have more granular and user-focused performance metrics applied to individual contracts to enable supplier delivery.
- Enhance clarity on costs and resourcing.

To expedite the selection exercise, another council was approached based on the existence of current contract arrangements which allowed the sharing of services. However, that supplier subsequently declined to move to a shared solution. As a result further providers using the iTrent system were approached and invited to quote for the new service. A detailed SLA and specification were written and used to measure against these criteria. Additionally, we were able to measure value for money compared to the costs of the existing service.

The council conducted a detailed supplier selection exercise, involving the issue of a proposal request with the detailed service specification. Responses were received on 30 April 2025.

Although planned, detailed evaluation of the submissions was not considered to be necessary as only one supplier, Delt, decided to quote for the work. A measure against the specification and based on costs was conducted.

The submission resulted in a series of documented clarification questions to ensure the bid was understood and met the functional requirements and needs of the authority.

### **Timeline**

The current service ceases on 30 September 2025 and the new contract will commence on 1 October 2025.

Staff currently employed by Liberata to deliver the service will be subject to a TUPE transfer on 1 October 2025 to Delt, the new provider.

### **FINANCIAL IMPLICATIONS:**

The cost of the services in the scope of “SSP Contact 5” currently stands at £181,598 per year under current arrangements. The recommendation within this paper includes the appointment of the preferred supplier at a broadly equivalent cost of circa £215,000 for the first year. The contract duration of ten years, which would equate to a £2,150,000 cost over the life of the contract.

The annual contract cost will be uplifted for inflation each year in accordance with the terms and conditions, which are aligned to the nature of the operational costs and therefore linked to external inflationary indices and the council’s pay award.

There is an ambition to continue trading payroll activities as these will provide opportunities for income generation and cost avoidance as associate organisations choose to share infrastructure, development or implementation costs.

### **Costs**

The preferred bidder submitted a price assuming a start date of 1 October 2025, which totalled £215,000 for a full financial year and therefore £107,500 for the 6 months from 1 October 2025 to 31 March 2026. Costs will be charged to cost centre FRR205.

A small adjustment may be required to reflect any increased staff costs from the 2025/26 pay award or pay increments due before the date of the transfer of staff.

This contract price will need to be inflated on 1 April 2026, although the inflationary drivers for this are not yet known because they will be published in the future. All inflationary changes will be documented and agreed by both parties through the Contract Change governance process.

### **Funding**

Funding for the delivery of the services included within the Contract is included within the revenue base budgets of the council. The costs are subject to final confirmation of contract details.

The one-off costs associated with this contract and the wider procurement will be funded from existing corporate services reserves and their use will be subject to the council's existing governance processes.

## **LEGAL POWERS AND IMPLICATIONS**

The services covered under this scope are essential corporate functions as required for the effective operation of the local authority and support the organisation in the delivery of all of its statutory functions.

The contract currently providing these services to the council has exhausted its initial term and all available extensions. The Public Contracts Regulations 2015 and Procurement Act 2023 restrict the Council's ability formally to extend the existing contract beyond the term specified in the original procurement, therefore no compliant mechanism exists that would allow for the existing commercial contract to continue in its current form. Establishing a shared service or tendering a new contract is therefore the Council's only compliant option for the provision of its future services.

The Localism Act 2011 and Local Government Act 2003 provide local authorities with the power to form and maintain companies and allow for those companies to undertake trading activity.

Schedule 2 Procurement Act 2023 sets out contracts exempted from the procurement requirements of that Act including a contract awarded by a local authority to a company under its control (or joint control with other public sector bodies) provided that more than 80% of the activities of the company are undertaken for the controlling authorities and there is no direct private capital participation in the company. Accordingly direct award of service contracts to the controlled company is compliant with the Act.

## **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

Climate impact and the environmental implications have been assessed as part of the evaluation process. These environmental considerations form part of the social value requirements and the preferred supplier has committed to national and local initiatives to support the environment.

These include donations or investments towards expert designed sustainable reforestation and initiatives aimed at environmental and biodiversity conservations and sustainable management projects for both marine and terrestrial ecosystems within the North Somerset boundary.

## **CONSULTATION**

Consultation of relevant Council Officers was ensured through the creation of a diverse evaluation team who represented the relevant services.

Significant internal engagement of Officers was carried out, resulting in the following 'areas for improvement' for the services delivered under the existing Support Services contract. All recommendations were adopted to shape the council's requirements and procurement approach for "SSP Contract 5" as outlined in previous council papers:

- Move towards multiple contracts with stronger alignment with service needs.
- Ensure increased levels of service lead engagement and contract management.
- Have more granular and user-focused performance metrics applied to individual contracts to enable supplier delivery.
- Enhance clarity on costs and resourcing.

Regular reports to the Project Board, Corporate Leadership Team have been undertaken, alongside Executive member briefings and informal Executive meetings.

## RISK MANAGEMENT

There is a full risk register and monitoring process in place for the Support Services 2025 programme.

Risk	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score	Mitigations
Lack of internal resources to relet and transition such an important contract whilst maintaining payroll services beyond September.	High	1	3	Low	Move towards a shared service model. To disaggregate to a stand-alone contract. Ensure available support is focused on the transfer date.
Significant specialist resources to advise and ensure the procurement opportunities are maximised	High	3	2	Low	Quantify the levels of external support required, especially for specialist activities such as legal. Use of standard procurement frameworks to ensure best practice and accelerated approaches are followed.
Ineffective transition or planning leading to service failure and impacting payroll	High	1	5	Low	Maintain use of our current HR/Payroll system - iTrent Adopt a structured project management approach. Decision to disaggregate services to avoid concurrent contract transitions/end dates.

## EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes

An equality impact assessment has been undertaken and there are no immediate adjustments are required.

Failure to fully re-procure the services delivered by the existing contract will result in the Council being unable to deliver its legal duties.

## CORPORATE IMPLICATIONS

This decision is in line with the approach to the payroll provision contract approved by Cabinet (formerly Executive) at its meeting in December 2024.

## APPENDICES –

## BACKGROUND PAPERS –

SIGNATORIES:


DECISION MAKER:

Signed: 

Title: Amy Webb, Director of Corporate Services (Section 151 Officer)

Date: 23 July 2025

ADVISED BY:

Signed: 

Title: Geoff Chamberlain, Head of Procurement

Date: 23 July 2025

**Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:**