



AGENDA ITEM: 12

SUMMARY

Report for:	Cabinet
Date of meeting:	16 December 2014
Part:	1
If Part II, reason:	

Title of report:	Payroll Update
Contact:	Cllr Nicholas Tiley, Portfolio Holder for Finance & Resources James Deane, Assistant Director Finance and Resources
Purpose of report:	To seek delegated authority for the termination of the current Payroll contract in order to enable a business-effective transition between providers, should it be required in the future.
Recommendations	That Cabinet delegate authority to the Assistant Director Finance and Resources to terminate the agency arrangement with Aylesbury Vale District Council for the provision of the Council's Payroll Services.
Corporate Objectives:	Dacorum Delivers
Implications:	<u>Financial</u> Any savings arising from a change of service providers would support the Council in meeting its overall savings targets.
'Value For Money Implications'	<u>Value for Money</u> Information provided by Procurement consultants appointed by the Council, together with independent benchmarking data provided by CIPFA, has indicated that the Council may not be achieving best value for money from its existing Payroll contract. If approved, the recommendation in this report will support Officers to ensure that this issue is effectively addressed.
Risk Implications	In order to mitigate the risk of the Council entering into an unfavourable contract with an alternative provider, any decision to change providers will be based on a robust business case and will comply with Procurement Standing

	<p>Orders.</p> <p>In order to mitigate the risk of disruption to the Payroll function if a change in provider does take place, there will be robust processes in place throughout the transition period.</p>
Community Impact Assessment	Not applicable.
Health And Safety Implications	Not applicable.
Monitoring Officer/S.151 Officer Comments	<p>Deputy Monitoring Officer:</p> <p>The Deputy Monitoring Officer has been consulted and his comments are contained within the report.</p> <p>S.151 Officer</p> <p>This is a S151 Officer report.</p>
Consultees:	<p>V4 Services</p> <p>Richard Baker, Group Manager (Financial Services)</p> <p>Ben Hosier, Group Manager (Procurement & Commissioning)</p> <p>Mark Brookes, Group Manager (Legal Governance)</p> <p>Glenda Braggins, Payroll Manager</p>
Background papers:	<p><i>'Update on Progress on IDP Project 138 – Payroll'</i></p> <p>Agenda Item 14; Cabinet, 27 July 2010</p>
Glossary of acronyms and any other abbreviations used in this report:	AVDC – Aylesbury Vale District Council

Summary

1. At its meeting of 27 July 2010, Cabinet approved the Council's entering into an agency agreement for Aylesbury Vale District Council (AVDC) to provide the Council's Payroll Services with effect from 1 January 2011.
2. A recent review of this arrangement has indicated that the Council could benefit from significant savings by re-letting the payroll contract to an alternative service provider.
3. Since the initial decision to enter into the arrangement with AVDC was approved by Cabinet, the advice of the Council's Legal Team is that the decision to exit the contract must also be approved by Cabinet, or formally delegated to an officer.

Background

4. In May 2014 the Council appointed V4 Services to support the Procurement Team in reviewing the Council's higher value contracts, including the current payroll contract with AVDC. Based on experience of payroll arrangements at other Councils, V4 indicated that the Council could achieve savings in excess of £40k per annum by re-letting to an alternative provider. The current annual cost is £70k.
5. As a result of this information, Officers within the Finance Team have worked with V4 Services to review the options for alternative providers. Although not yet complete, due diligence so far undertaken indicates that the level of potential savings indicated by V4 Services is realistic.
6. The ideal date to change payroll providers is 1 April, at the start of the new tax year, or 1 June, allowing for two months' parallel running to mitigate the risk of service disruption.
7. The reason delegated approval is sought from Cabinet at this stage rather than when the due diligence process is complete, is to enable the Council to get as close as possible to this ideal transition date. Based on current timings, it is likely that the earliest date for the transition to a new provider would now be 1 July 2015, which would allow for three months' parallel running.

Next steps

8. Members should note that if the recommendation in this report is approved, any future decision by the Assistant Director Finance and Resources to terminate the contract would be subject to the completion of a robust business case and compliance with the Council's Procurement Standing Orders.