

SUBJECT:	Payroll Contract Extension	
REPORT OF:	Officer Management Team - Prepared by -	Director of Resources Head of Finance

1. Purpose of Report

1.1. To seek approval to extend the current payroll contract to 31st March 2015.

2. Links to Council Policies & Plans

2.1. The provision of cost effective payroll services, links with the key driver of 'Value for Money and a lean organisation'.

3. Background

3.1. Aylesbury Vale District Council (AVDC) has been running

- The CDC payroll contract since Oct 2003.
- The SBDC payroll contract since June 2004.

The current contracts are both due to end on 31st March 2014.

4. Proposal / Discussion

4.1. AVDC runs the payroll for Aylesbury Vale, Chiltern, South Bucks and Wycombe.

4.2. The current contracts are running successfully. Payslips are received punctually, pay is accurate and statutory year end procedures are carried out within statutory timescales. Staff are aware that processing is located in Aylesbury and adhere to the deadlines to ensure claims are received in time. AVDC have also recently upgraded the payroll system to iTrent to comply with the need to send Real Time Information (RTI) to Revenue & Customs.

4.3. To extend these contracts would have no effect on staff and continuity of present procedures.

4.4. AVDC have indicated that they are willing to extend the existing contracts, subject to the standard CPI increase.

4.5. The authorities will need to retender the payroll contracts at some stage. However it would not be appropriate to do this at the moment as:

- The CDC and SBDC finance teams are about to embark on their shared service review. The outcome of which may affect the type of payroll service we wish to commission. In particular consideration needs to be given to whether or not to introduce employee self-service and / or an integrated HR/Payroll system.
- The Councils' are still reviewing staff terms and conditions. Potential payroll providers may therefore view this as a risk (as they cannot be certain how many staff will need adjustments to be made to their pay) and thus include a risk premium in their price.
- Pension auto enrolment is being introduced in early 2014 and there are changes to the Local Government Pension Scheme from 1 April 2014. We do not yet know exactly the full implications of these change on our operational requirements.

- 4.6. CDC have provisionally agreed to extend their contract to 31st March 2015.
- 4.7. The extension of the SBDC contract can be undertaken without tenders being invited or quotations obtained as it is covered by an exemption in the Contracts Procedure Rules

Para 14(2)

“The work to be executed or the services or goods or materials to be supplied constitute an extension of an existing contract such an extension to be approved by both the Committee responsible (if appropriate) and the Cabinet”.

5. Resources, Risk and Other Implications

- 5.1. To extend the contracts there would be little resource implication other than the time of legal services to prepare the contract extensions.
- 5.2. Provided the total contract value remains under the EU threshold (£173,934) it does not have to be subject to a full EU public procurement, and can be agreed under the Councils' Contracts Procedure Rules.

6. Recommendation

- 6.1. The Portfolio Holder is asked to recommend to Cabinet the extension of the current SBDC payroll contract to 31st March 2015.

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Background Papers:	None