

Report of Assistant Chief Fire Officer

8. Provision of Payroll Services

Purpose of report

1. To inform Members of the outcome of the options explored to identify a suitable provider to deliver payroll services to the Fire Authority.
-

Recommendation

It is recommended Members note that:

- (i) ***following a detailed business case, it has been determined that the most cost-effective approach to provide payroll services for this Authority is by engaging Warwickshire County Council to provide the service; and***
- (ii) ***in accordance with contract standing orders, the Chief Fire Officer is satisfied that there are proper service reasons for not tendering the contract and that there will be no disadvantage to the Authority as a result.***

Introduction and Background

2. At the Policy and Resources Committee meeting held on 2 June 2014 Members were informed that:
 - the Service Level Agreement (SLA) between HWFRS and Worcestershire County Council (WCC) to provide payroll services required a retendering process in order to comply with EU procurement rules and the Authority's own standing orders, based on the then expected contract values;
 - WCC had advised us that they intend to externalise their payroll function and will no longer be able to provide a payroll service on our behalf; and
 - There was a possibility of entering into a in-house shared service for payroll with Shropshire & Wrekin FRS.

Update

3. The Service has undertaken an evaluation of the range of options available including:
 - tender for an external service provider in accordance with current procurement legislation. This could potentially be a commercial provider or another local authority/fire and rescue authority; or
 - procure appropriate software and manage the payroll service in-house utilising existing staff.
4. Discussions have taken place with WCC regarding the option to join with WCC in their procurement exercise. It has been decided that this is not a viable option as the Service would not be able to have any influence in the decision making process.
5. Discussions have taken place with Shropshire Fire and Rescue Service (SFRS) to consider the potential opportunity to collaborate in the procurement of a new payroll service. SFRS have subsequently decided not to progress with this opportunity.
6. Consideration has been given to the remaining options, in-house software and bureau service and indicative costs have been obtained.
7. As part of the Project Arrow process it has been identified that Warwickshire County Council are willing to provide a payroll service at a competitive rate. Following an analysis of costs, benefits and risks of both routes, the most advantageous solution would be to award the contract to Warwickshire County Council.
8. The costs associated with the Warwickshire County Council contract fall below the OJEU thresholds and the Authority would not therefore be required to complete a detailed OJEU tender.
9. Under normal circumstances the Authority's Contract Standing Orders would still require a tender process to be undertaken. However the detailed work that has been undertaken to date would indicate that there is no advantage of going through such a process. Accordingly the Chief Fire Officer has exercised his discretion, in accordance with Standing Orders, to authorise an exception from normal tendering requirements on those grounds.

Conclusion/Summary

10. Members are asked to note that the contract will be awarded to Warwickshire County Council as it is considered to be the most cost-effective approach following a detailed options evaluation exercise.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Financial and Human Resources: this project is critical to ensure prompt and accurate payment to H&WFRS staff.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	This paper supports the core of service provision.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	None

Supporting Information

N/A

Background papers – None

Contact Officer

Jackie Conway, Head of Human Resources
(01905 368339)

Email: jconway@hwfire.org.uk