

15 September 2009

BRIEFING NOTE**UPDATE ON PAYROLL VFM ASSESSMENT****Purpose of Note**

To update the Panel on developments of possible partnering for payroll services, as well as future systems development with regards to the provision of payroll and transactional Human Resources & Development services.

Recommendations

That the Panel note the contents of this briefing note and receive further updates as partnering work progresses.

Background

At a meeting on 11 December 2008, the Corporate Scrutiny & Performance Panel received a Value for Money (VFM) toolkit report on Payroll & Pensions.

The Panel agreed that further options appraisal work be carried out on possible insourcing of payroll services from other organisations and that this be reported back to the Panel.

Following on from the report a number of meetings took place with the 2008-9 Portfolio holders for Finance & Personnel (Councillor Griffiths) and Procurement, Transformation & Performance Management (Councillor Arif) at which further options were explored.

Benchmarking of Costs

More detailed information on payroll costs have been obtained including the cost per payslip and the number of employees supported by each payroll. These are as follows:

Council	Number of Employees	Cost per pay slip £
Nottingham	17,800	2.12
Powys	8,000	2.77
Sandwell	14,950	2.92
Telford & Wrekin	7,500	3.09
Walsall	13,500	3.14
Birmingham	59,000	3.98
Coventry	13,600	4.17
Bradford	21,600	4.32
Salford	11,500	4.67

Stoke on Trent	11,100	4.90
North Warwickshire	477	5.65
Warrington	8,500	5.75
Tamworth	487	10.00
Nuneaton & Bedworth	840	11.41

As can be seen from this table, those councils with smaller numbers of employees tend to have higher payroll costs. This supports the case for having economies of scale by sharing payroll resources.

It should be noted that councils with a lower cost per payslip may have not used the same calculation and may not have costed in all elements. Walsall's calculation covers all associated costs.

Partnering Options – Other Councils and Local Employers

In consultation with portfolio holders, it was agreed that the Council should pursue possible partnering and shared services arrangements with other employers; details of potential developments are included under the private session.

Electronic Document Management System (EDMS)

At the meeting in December, Panel members expressed an interest in how this could be used to create efficiencies within Human Resources & Development.

Since the Panel meeting, all 24,000 employee personal files (live and leavers), expenses, car mileage claims, absence and timesheets have all been successfully transferred into EDMS. A recent external audit has highlighted this as an excellent working example of best practice.

As a consequence of this, additional space has been created within Human Resources & Development which is now being utilised for training courses, thus reducing the need to use external venues. The Council is on target to realise savings of in excess of £25,000 this year as a result. HRD has also been able to significantly reduce the cost of external storage and have recently freed up the cellar in the Council House, which can now be used by other services for further cost avoidance.

During September 09 all schools that buy the Councils payroll service will receive self service access to their own personal files. This forms part of our commitment to enhancing the service we provide to them, which it is hoped in return will safeguard current business and help generate new.

Future System Developments

In 2010/11 it is proposed that Walsall move to the latest release of the payroll IT system (Trent) for which HRD are currently developing the outline business case.


This release will provide all managers and employees with self service access to the majority of HRD processes it will also remove the need to issue paper-based payslips. Over a period of three years this will create significant capacity and savings in the back office. It will also enable Walsall to provide a best in class payroll and indeed a full HRD service where required to other organisations.

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