

Agenda Item: Payroll Services
Report to: Finance and General Purposes Committee
Date: Wednesday 23rd March 2022
Subject: To appoint payroll service
Summary: The committee is asked to appoint a replacement payroll service

Recommendation

a) To appoint a payroll provider to the town council

1. Background and objective

- 1.1 The town council must process salary, national insurance, PAYE and pension payments for all staff.
- 1.2 The town council can either perform this in-house or contract out to an external provider.
- 1.3 To maintain independence, it is recommended for the services to be contracted out.
- 1.4 The town council's existing payroll provider is retiring in March 2022 therefore the council is required to seek a new payroll provider.

2. Options

- 2.1 In accordance with Financial Regulation 10.3, three quotations have been sought for the processing of the town council's payroll from Bexhill based payroll providers:-
 - a) Company 1
£35 per month + £25 set up fee + £30 year end fee
Total annual cost = £475
(Does not operate pension this would need to be performed inhouse at the council's own cost)
 - b) Company 2
£40 per month + £2.80 per payslip + £10 pension admin + £30 compliance fee

- £697.20
- c) Company 3
£50 per month
Total annual cost = £600
(Does not operate pension, this would need to be performed inhouse
at the council's own cost)

3. Summary

- 3.1 Smaller payroll providers in the town do not have the resources to operate the Local Government Pension Scheme and in the case of using these providers, the administration of the pension scheme would fall to the town clerk.
- 3.2 Rother District Council has been approached to provide a service in an attempt to save costs by aggregating services however due to changes in their systems they are no able to offer this to the town council.
- 3.3 As the pension responsibilities are substantial it is deemed more efficient for this task to be completed by a payroll specialist.
- 3.4 The town council is recommended to proceed with Company 2 as it provides a full service which means that it offers best value for the payroll requirements of the town council.