

Report to Portfolio Holder for Resources & Reputation

Subject: Provision of Payroll Services to Third Parties – Streetwise Environmental Ltd.

Date: 17 August 2021

Author: Head of Finance & ICT

Wards Affected

All Wards

Purpose

To request the Portfolio Holder's approval to enter into a contract to continue to provide a payroll service to Streetwise Environmental Ltd on a full cost recovery basis.

Key Decision

This is not a key decision.

Recommendation(s)

THAT:

- 1) The Portfolio Holder grants approval to enter into a contract to continue to provide a payroll service to Streetwise Environmental Ltd. on a full cost recovery basis.**

1 Background

- 1.1 Since 2007 Gedling Borough Council (the Council) has operated a shared payroll service with Rushcliffe Borough Council (RBC). The Council manages the service and provides payroll services to RBC under the terms of a Service Level Agreement (SLA). The full net cost of the service is shared proportionately between the two parties on a cost per payslip basis, and any income generated therefore reduces this cost.

- 1.2 In 2014 RBC established Streetwise Environmental Ltd, a wholly owned company limited by guarantee. On 1 September 2014 approximately 35 RBC staff transferred to Streetwise and the workforce has now grown to around 65.
- 1.3 The Council's Financial Regulations enable work for third parties to be undertaken to enable a service area to maintain economies of scale and its existing expertise, subject to obtaining the approval of the Executive before negotiations with the third party are concluded.
- 1.4 On 13 August 2014 the Portfolio Holder for Finance, Performance and Economic Development approved a decision (D229) to permit the Council to provide payroll services to Streetwise on a full cost recovery basis under S31 of the Localism Act 2011. A 2 year agreement was signed by both parties, covering the period 1 September 2014 to 31 August 2016. In addition, approval was also given to provide payroll services to other third parties as future opportunities arose.
- 1.5 On 31 August 2016 the Portfolio Holder for Resources and Reputation approved a further decision (D486) to permit the Council to continue to provide the payroll service to Streetwise. This agreement is due to end shortly.
- 1.6 Streetwise has previously indicated that a rolling 12 month contract would be preferable, however such an arrangement is not deemed acceptable to the Council as the maximum total value of the contract cannot be determined at the outset. Instead a nominal 4- year contract, including a clause to explicitly permit termination by either party upon 6 months written notice, is currently being prepared by the Council's Finance and Legal teams.

2 Proposal

- 2.1 It is proposed that the Portfolio Holder for Resources and Reputation grants specific approval to enter into a contract to continue the provision of payroll services to Streetwise Environmental Ltd. as detailed in 1.2 above, for a period of 4 years to commence on 1 September 2021 and end on 31 August 2025, with termination by either party explicitly permitted upon 6 months written notice.
- 2.2 The contract currently being prepared will specify the basis of the service and ensure compliance with Financial Regulations. The proposed price for the service for the first two years of the agreement, to ensure full cost recovery, has been calculated as **£9.50** per payslip processed. This represents the first price rise since the inception of the service in 2014. A clause permitting appropriate review and notice periods will be included. Any additional implementation costs incurred by the Council for work

required specifically by Streetwise will be charged in full to Streetwise.

3 Alternative Options

- 3.1 An alternative option is not to continue to provide payroll services to Streetwise. However, if approval is not given, the cost per payslip for the residual payroll numbers is likely to increase and the Council's proportionate share of the costs will increase above the current approved budget.

4 Financial Implications

- 4.1 The continued provision of payroll services to Streetwise at an initial price for two years from 1 September 2021 of £9.50 per payslip, can be accommodated within the approved payroll base budgets.

5 Legal Implications

- 5.1 There is a need to enter into a contract with Streetwise, which will be on substantially the same terms as the previous contract and in accordance with this Portfolio Holder report. Updated clauses will reflect GDPR terminology post-Brexit.

6 Equalities Implications

- 6.1 There are no equalities implications arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

8 Appendices

- 8.1 None.

9 Background Papers

- 9.1 None identified.

10 Reasons for Recommendations

- 10.1 Generation of income from the provision of payroll services to Streetwise Environmental Ltd reduces the cost per payslip to the Shared Service.

Statutory Officer approval

Approved by: Paul Adcock

Date: 18.08.21

On behalf of the Chief Financial Officer

Approved by: Sara Fayaz

Date: 18.08.21

On behalf of the Monitoring Officer