



A CASE STUDY



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Since Southwest One was established back in 2007 as a joint-venture partnership between Somerset County Council, Taunton Deane Borough Council, Avon and Somerset Police and IBM, it has worked hard towards gaining recognition as the benchmark public

sector services company in the UK. Southwest One is focused on delivering cost-effective, reliable and innovative services to its partners, schools and academies, and other public sector organisations – underpinned with years of practical, hands-on experience.

The shared services approach has particular relevance during these challenging economic times when the public sector is under constant pressure to reduce costs and increase efficiency, without adversely impacting the quality of the services provided. Southwest One enables its public sector clients to realise cost-effective use of internal and external resources to help meet their obligations, whether in HR and payroll, finance and procurement, customer contact, property, facilities management or technology.

Within this portfolio, payroll processing is a key element which has been given added impetus by the growing number of schools converting to academy status – and are no longer part of their county council’s payroll.

Rachel Ellins, who heads up HR Administration and Payroll Services for Southwest One, said that when the academy initiative started to take off in mid-2010 it sparked a radical change in how individual schools handled their payroll routines.



Wells Cathedral - Somerset

“Schools which are part of the county council have local management and can choose to buy services from third party providers such as Southwest One. However, becoming an academy means they are an employer in their own right and are completely independent from the local authority. The original payroll system that was being used is part of a large integrated enterprise solution (including finance and procurement) and was not really suited to just running lots of small payroll,” Rachel explained.

“We carried out an analysis of how much it would cost to set up a typical academy payroll on the existing system and concluded that it would be too expensive if we were to provide our comprehensive processing service at a reasonable price. So we looked at alternative software providers.”

Rachel and her team reviewed a number of potential systems before deciding in favour of Star Payroll Professional.

“It met all of our criteria as far as functional requirements were concerned, including being able to apply ‘pay spines’ – incremental progression of salary within a pay band – as well as dealing with multiple employments. In the private sector people tend to have one job whereas in a school or academy the same person might work as a learning support assistant, and also as a cleaner and a lunchtime supervisor. Each role might have a different pay rate,

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pension or contractual arrangement. The Star system demonstration showed that it could handle this easily, bringing together all payments for the same school or academy and applying gross to net calculations needed by employers,” Rachel added.

Another point in favour of Star was the pricing structure. “We weren’t just going for the cheapest option. Our prime concern was that the new system would enable Southwest One to provide a comprehensive, education-specific payroll bureau service, at an attractive price that our educational establishment clients could afford. Star has enabled us to do that. Also, unlike some other providers, Star did not require a big investment upfront. We started off by paying for five payrolls, and as we won more customers, progressed through 10 and then 20 payrolls. Soon we’ll pass a milestone of 30 customers for whom we’ll be paying more than 3,000 employees,” Rachel continued.

“We provided a payroll reconciliation file so Somerset schools could automatically reconcile payments with

their budget using the local system. This process has been replicated for academies by Southwest One which modified the Star system to hold relevant information in a costing output file which is securely emailed to each school so they can carry out their own checks. We also supply comprehensive reports to enable our clients to check the payroll prior to dispatch. This is in addition to our own checking processes.”

For an employee very little has changed with the notable exception of ePayslips. We opted for ePayslips right at the beginning,” Rachel recalls. “Although ePayslips is our preference, it is for the clients to choose whether they want ePayslips or whether they want paper payslips printed, put into envelopes and posted direct to teachers and support staff at their home addresses; in bulk to the school for onwards distribution; as an electronic file for printing locally; or increasingly popular, as an online ‘self service’ application. The ePayslips option enables employees to access current and historic payslips directly from a secure website 24 hours a day, 365 days a year. Access controls are on

a par with those associated with on-line banking services, with employees able to access only their own payslip using a unique log-in. So no more misfiled payslips resulting in requests for duplicates – and an easy way for people to check their salary has reached their bank account, whether they are in school, at home or on holiday.”

Rachel pays tribute to the very positive working relationship between Southwest One and Star, and the contribution this has made to the success of the payroll service. Howard Hoddell, Business Development Manager for Star Computers, took the lead in selling in Star Payroll Professional and Rachel likes the fact that he is still Southwest One’s senior contact.

“He has respected the skills and experience that we have been able to bring to help with development of the system. He listens to our suggestions as to how some of the processes could be improved, and we have a say in how Star Payroll Professional should be enhanced and modified,” Rachel adds.

“For example, last April there were significant changes to teachers’ pension provision and Howard worked with us to specify requirements. Similarly, he has consulted with us on compliance with HMRC’s Real Time Information (RTI)

and the Pensions Auto Enrolment directives. Auto enrolment won’t impact us until 2014 but it is reassuring to know the software changes are already well under way.”

The Southwest One payroll service is proving highly popular. Customers have absolute trust that their people will be paid accurately and on time. They like the support, expertise and scope of the service provided and feel they have control, but also the reassurance of the Southwest One team. They can check the payroll run before it goes out if they want – and all without an in-house administrative burden. Southwest One’s payroll team also like the software, saying Star Payroll Professional is a nicely structured, intuitive system. Its simplicity to look at, with uncluttered screens, belies the complexity behind the software, while they found they were able to work their way through its routines with very little training.

The team also likes the speed of setting up a typical payroll in Star Payroll Professional. This takes no more than a few hours and we can do it ourselves without the cost of expensive external IT consultants, saving Southwest One considerable time and money.

“The Star system is doing exactly what we want. Our professional relationship

is excellent and support is good. On the few occasions we have called the helpline issues have been resolved promptly – and everyone we speak to knows the product very well. Further down the line we would like to extend the service to computerise some of the contractual entitlements such as maternity and sickness. For example, in the public sector there are different levels of full and half-pay that apply to sickness leave according to contractual entitlement. Currently, we maintain manual records,” Rachel says.

Looking further ahead, the real test for Southwest One’s payroll services will be based on a number of factors, including the growth in the number of customers, revenue generation and profitability, key to which will be customer retention. Southwest One is heartened by the fact that even though some early customers said they would review their payroll service provider after twelve months, none have elected to leave.

There is no doubt that Southwest One now has a solid foundation from which to expand service provision to additional educational institutions and other public sector businesses throughout the South West of England and beyond.