12. Accounting and Payroll Software

a) To approve the replacement of the current SAGE accounting system with RBS Rialtas software (this should recover its costs within 4 years)

b) To approve the continuance of the SAGE Payroll S50 package at the significantly reduced rate from September when the current contract ends

Background

The Town Council currently uses Sage software for both its accounting and payroll needs. Following the Council's external review in May 2016, recommendations included reviewing its use, and consideration of an alternative provider, namely RBS Rialtas as they provide a dedicated sector specific accounting package.

In September 2016 we undertook some demonstrations from RBS Rialtas but concluded that before committing funds to the purchase of a new package it was important to explore maximising the use of our existing package, and clearly defining our software needs.

Since then, we have expanded the use of the sales ledger and invoicing functions, streamlining work and reducing office costs. However, options explored to streamline budget reporting in a timelier manner have proved more challenging. We have taken advice from local accountants who are Sage experts, who having visited the premises and examined our systems have concluded that it is not possible to achieve the direct reporting we require from the system. Having sent Sage samples of the type of report we would like to produce they too have advised that this would only be possible by creation of a bespoke report at a one-off cost of £450, although this would still involve the export of information into Excel, albeit auto populated, avoiding the possibility of human error in transfer.

Current position

Two additional demands are now being made on our accounting software. From April 2019 the Making Tax Digital regulations will require VAT returns to be transmitted directly from our accounting system to HMRC. Our existing Sage package does not facilitate this, and two options exist:

- switch to Sage 50 Cloud at an increased annual cost (£264 extra pa – this includes transfer and set-up, and provides other features such as additional users and remote access to accounts software);
- purchase of an additional module at a cost of £300 pa.

The second requirement is the need this year to categorise our input VAT invoices into those relating to non-business activities (operating as a Council providing services for free), business activities (supply of goods or services i.e. sales at the TIC shop) and exempt business activities (supply of land and property i.e. Public Hall room hire), due to implications of the Public Hall refurbishment on our ability to reclaim VAT on the exempt business activity. While the software does not currently allow this, Sage advise that it will from April 2019.

<u>Sage cost summery</u>

Package	Current Costs	Additions required	Total cost pa	Total cost over 4 years
Sage 50 Accounts Plus (2 users) inc Sage Extra cover (support available 8am – 8pm and unlimited remote logins to assist with a problem)	£1,086	Transfer to Sage 50 Cloud (5 users) inc reduced support between 9am and 5pm with a maximum 3 remote logins pa OR Purchase of Making Tax Digital module @ £300 pa	£1,350 <u>OR</u> £1,386	**£5,400** <u>**OR**</u> **£5,544**

We have paid an annual subscription for the current package, which expires on 7 October 2019, however Sage would calculate a pro-rata refund on this and credit it to the cost of the new package if Sage 50 Cloud is selected. The £1,350 cost of this package includes a discount on the full cost of £1,590 which has been offered for the reduction in support.

<u>RBS Rialtas</u>

Having canvassed advice from several of the other town councils in Cornwall we have discovered that many have now transferred to the use of RBS Rialtas (e.g. Camborne, Redruth, Newquay, St Ives, Penryn and Helston (not the ledgers)).

Initial quotations have been sought, based on the packages used by our contemporaries and appropriate for our needs. However, as this is a sector-specific package, additional modules (at further cost) are available for items such as Facilities Booking Management and Allotments.

Being a sector specific package, the system is set up to automatically produce the Annual Governance and Accounting Reports in the required format at year end for audit purposes. It will also produce the schedule of payments for approval at each meeting.

Attached is a sample budget report produced direct from the software, used by Helston TC for reporting to Council. They add a covering sheet to the report which explains any anomalies or provides any additional information which may be helpful. Producing budget reports direct from the accounting software would save approximately 6 hours per month of staff time, plus 1 hour per month for the Schedule of Payments. There will also be additional time saved at year end.

Package	Year 1 cost (purchase and set up)	Ongoing annual cost from Year 2	Total cost over 4 years
Rialtas Omega Financial Software inc Annual Support & Maintenance (Multi 5 Users Licence)	£2,196	£661	£4,179
Other costs			
Training – recommended 3 days onsite training @ £399 per day plus mileage @ 45p per mile (from Swindon)	£1,197 + £159	N/a	£1,356
Total	**£3,552**	**£661**	**£5,535**

Set up includes the chart of accounts, budgets and opening balances, but previous year entries would not be transferred. Making Tax Digital compliant software included.

This software does not yet have the capacity to perform VAT partial exemption calculations. This is something they were working on before the Making Tax Digital legislation was introduced and has been deferred until that has been embedded. A correct and compliant return can be achieved by way of a manual adjustment if needed.

Payroll

A significant difference between the two packages is that RBS Rialtas do not offer a payroll package. Should we decide to switch our options would be:

- Continue with Sage payroll and input data from the reports it produces
- Consider another payroll package (RBS Rialtas recommend Earnie Business an IRIS product)
- Outsource our payroll – Camborne TC have done this

Payroll Package Options	Costs in first year	Total cost over 4 years
Existing provider:		
Current Package *(paid up to 08/09/19)* Sage Payroll S50 People Package (1 user - unlimited employees) inc Sage Extra Cover (support 8am – 8pm and unlimited remote logins) and HR advice and access to information and templates software	£1,552	**£6,208**
New Package offered (wef Sept 2019*) Sage Payroll S50 Package (1 user – maximum 25 employees) (support 9am – 5pm and max 3 remote logins)	£384	**£1,536**

Payroll Package Options	Costs in first year	Total cost over 4 years
Alternative provider		
Earnie Business from IRIS IRIS Payroll Professional 200 software £1,165 One day on site training £803 Renewal cost £1,165 pa	£1,968	**£5,463**
Outsource Payroll		
IRIS, Berkshire £5 per employee per month = £75 pm Year end £75 Set-up £75	£1,050	**£3,975**
PAYE Solutions Ltd, St Cleer £30 pm + £1.30 per payslip pm = £49.50 pm Year end £35 Set-up £50	£679	**£2,566**
Deacon Jewell, Liskeard Use Sage – would transfer data from our back-ups *Quote requested 18/12/18 – delayed due to office restructure going on and link up with Wills Bingley, St Austell*		

*Quote for new Sage package offered valid for 30 days from 15 January. Prices would be rechecked when we switch and subject to change. Sage advise they would only expect normal inflationary increases to be applied. Sage will not offer a pro-rata refund on our existing package if we wish to switch prior to the expiry of the existing package. Similarly no refunds will be available if we change provider.

Outsourcing quotes based on 14 staff plus the Mayor's allowance, which must also be processed through payroll.

In house payroll has small additional costs relating to the purchase of appropriate payslip/P60 stationery, which are provided by the outsourcing companies.

The outsourcing companies have up to date, professional knowledge on matters relating to payroll issues and can offer advice should a query arise. The quotes are based on us providing a summery of hours worked for each member of staff on a monthly basis. They will then calculate salary payments and appropriate deductions such as income tax, NI and pension contributions for both the employee and employer and produce required reports. They currently assume we will make payments to staff, HMRC and the Cornwall Pension scheme by bacs as per the current arrangements, although they offer the facility to complete this as well should we wish.

Staff time saving relating to outsourcing the payroll would be approximately 1 hour per month.

Recommendations:

a) **To approve the replacement of the current SAGE accounting system with RBS Rialtas software for use from 1 April 2019, subject to successful free trials of the new software.**

b) **To approve the continuance of the SAGE Payroll S50 package at the significantly reduced rate from September when the current contract ends**

13. NORTH WARD VACANCY – to approve a timetable to fill the vacancy by co-option.

Background – The elections office at Cornwall Council have informed us that they did not receive the required 10 electors (only 8 electors contacted) writing to them and requesting an election be held. Consequently, the Town Council can proceed to fill the vacancy by co-option.

Draft Timetable – Depending upon the number of people applying for the co-option vacancy either bring forward the start time of the 26th February Council meeting to interview one or two. Or if the numbers require it, hold a special meeting of Council on 19th February 2019.

25th January 2019 place an advert in the Cornish Times, on the Council's website, public noticeboards, in the office windows and promote the vacancy on social media. Ask the public to complete an Application for a Co-option Vacancy.

14th February 2019 noon – deadline for receipt of completed application forms.

19th February 2019 Special Council – if necessary

26th February 2019 Bring forward start time of scheduled Council meeting to 7.00 pm

RECOMMENDATION: That the draft time table is approved.