

SSRO-C-124: Outsourced Services

Appendix 2: Service Specification - Payroll

* + 1. This Specification of service covers the requirements to deliver the SSRO’s Outsourced Payroll service.
    2. Delivery of a payroll service to the SSRO must be legally compliant, with all relevant HMRC and pension provider submissions completed to a high standard, as required.
    3. Provision of payroll services is expected to be by qualified payroll staff, and must include:
       - processing the SSRO’s standard payroll, including the updating of any changes from HMRC and all other relevant bodies to the system;
       - provision of BACS services;
       - year-end processing;
       - pensions administration services, including an automated data transfer to the Civil Service pension Scheme (MyCSP);
       - advice and support on new or updated statutory payroll guidance from HMRC, Cabinet Office and any other relevant bodies; and
       - general data management and administration including system updates, troubleshooting and maintenance.
    4. The key deliverables of the payroll service are detailed below. The SSRO has indicated any activities within these deliverables that it expects to carry out.
    5. Standard Payroll Processing (Monthly):
* the SSRO will provide data input in the agreed standard format and schedule.
* input data from the SSRO and forward to its payroll provider via a secure method, ensuring that they:
  + Enter the agreed input into the payroll system;
  + Check for tax code and student loan notification changes;
  + Run the payroll calculation process;
  + Produce checking reports;
  + Reconcile checking reports against original input received; and
  + Produce first run set of payroll reports and send to appointed payroll contact.
* process and send the payroll reports to the SSRO via a secure method;
* the SSRO will check the payroll reports and notify the service provider of any errors/changes;
* process any revisions resulting from errors/changes/modifications identified;
* the SSRO will approve the payroll following agreement of the payroll reports;
* produce the final set of standard reports to be produced, following SSRO approval, and sent to appointed payroll contact; and
* ensure that a payroll slip is produced for each SSRO employee as per the agreed schedule, to be sent electronically.
  + 1. Real Time Payroll Information:
       - create Periodic Full Payment Summary (FPS) file;
       - provide advice and guidance on any data errors contained within the periodic FPS file;
       - submit the FPS to HMRC as required by legislation and in line with the schedule;
       - create the periodic Employer Payment Summary (EPS) file;
       - provide advice and guidance on any data errors contained within the periodic EPS file;
       - complete required actions to address any data errors contained within the periodic EPS file;
       - submit the EPS to HMRC as per the current legislation in line with the schedule; and
       - the SSRO will complete required actions to address any data errors contained within the periodic FPS file.
    2. BACS Services:
       - run the BACS file and report process;
       - run BACS process log for checking and act if required;
       - produce a BACS authorisation form detailing all payments to employees and relevant third parties and send to appointed contact for approval.
       - transmit the BACS file.
       - retrieve and distribute BACS input reports.
       - the SSRO will confirm the accuracy of the figures on the BACS authorisation form and provide authorisation to make the payments in line with the schedule. Late authorisation of payments may result in late payment of employees.
       - the SSRO will maintain appropriate limits with BACS to ensure control over payments;
       - the SSRO will process any non-BACS payments for employees or third parties, and payment to employees or third parties that are not being made;
       - the SSRO will ensure enough funds are available in the source bank account to fund the BACS payment. This should be done prior to the payment date in line with the schedule;
       - the SSRO will recall both individual and complete BACS transmissions Including liaison with BACS, the banks and employees.
       - the SSRO will ensure the bank holding the source account has given the appropriate permissions to transmit the BACS file on behalf of the SSRO where required; and
       - the SSRO will inform the service provider of any changes to the source bank account or BACS user number.
    3. Post Processing:
       - produce and distribute a set of payroll cost reports to the appointed contact in the standard format to time; and
       - clear down the payroll.
    4. Year End Document Processing:
       - P60s to all SSRO employees included in the payroll reports, by 15th May each year; and
       - P11d's to SSRO employees and to HMRC by 15th June each year.
    5. Pension Administration Services:
       - effect pension changes within the payroll system during the standard payroll processing.
       - run pensions assessment process and supply relevant reports.
       - produce and supply any standard automated output files required SSRO pensions providers in the agreed format.
       - complete the auto enrolment process and make payments in line with this agreement.
       - refer any enquiries from third parties to the SSRO's nominated contact.
       - the SSRO will provide an 'Opt-out' facility for employees in line with relevant pension legislation.
       - the SSRO will notify payroll provider of any pension changes to be made including opt ins or opt outs in accordance with the schedule (this should be included in the normal payroll input).
       - the SSRO will review the assessment reports and notify payroll provider of any amendments in line with the schedule.
       - the SSRO will reconcile payments made via BACS to source bank account; and
       - the SSRO will manage specific queries regarding the pension administration and the relevant processes, including opting out.

Advice and support on new on new or updated statutory payroll guidance from HMRC, Cabinet Office and any other relevant bodies. This will include maternity, tax codes, individual tax status etc. as well as general payroll.

* + 1. General Data Management:
       - Input monthly data in the agreed standard format and within the agreed timings.
       - provide a secure method of transferring all payroll and taxable expenses data and reports, between the SSRO and the Supplier.
       - retained (in accordance with statutory requirements) all payroll data, which shall be made available upon request by the SSRO; and
       - retain SSRO payroll data in line with SSRO requirements.
    2. General Task Administration:
       - act as an SSRO’s agent with HMRC.
       - facilitate payments to SSRO’s employees on **25th of every month** (or the last working day before 25th of each month), with electronic pay slip.
       - calculate statutory payments and adjustments.
       - where applicable, complete SMP1 or SSP1 forms and forward to the appointed contact for delivery to the employee(s).
       - handle any non-statutory deductions in line with the relevant standard PAY or DEDUCTION elements and make any subsequent payments to relevant third parties, where agreed.
       - manage all statutory deductions in accordance with the relevant legislation and requirements and make any subsequent payments to relevant third parties, where agreed.
       - issue P45's and P60’s to employees and HMRC, electronically.
       - the SSRO will calculate occupational payments and adjustments (such as contractual sick pay, bonus or commission payments etc.).
       - the SSRO will provide information of bulk changes in a timely fashion; and
       - the SSRO will complete any correspondence with employees in line with any of the above.

Additional Deliverable:

* + - * Prepare and issue P11d’s to employees and HMRC.

1. IT and Security
   * 1. In carrying out its corporate functions, the SSRO processes information of the following kinds:
        + **Official information**, which may be marked **OFFICIAL SENSITIVE** with the Government Security Classifications.
        + **Confidential or commercially sensitive information**, which the SSRO would not disclose under the Freedom of Information Act 2000 by reason of the application of one of the exemptions in that Act.
        + **Personal data or special category data** within the meaning of the UK General Data Protection Regulation and the Data Protection Act 2018 which must be processed in accordance with applicable data protection law.
     2. The SSRO takes the security of the information it holds seriously, and the Supplier shall comply with the Security Measures and Security Requirements contained in the contract, including those related to OFFICIAL-SENSITIVE information.
     3. The SSRO’s IT environment, policies and procedures are based on the following policies and procedures and the system(s) provided by the Supplier for SSRO staff use must operate in this environment:
        + HMG Security Policy Framework (SPF).
        + NCSC Published Guidance, Cloud Security Principles and Security Design Principles.
        + ISO/IEC 27001:2013 – Information technology – Security techniques – Information security management systems – Requirements.
        + ISO/IEC 22301:2012 – Societal Security – Business Continuity Management Systems – Requirements.
        + Cyber Essentials Scheme: Requirement for Technical Protection from Cyber Attacks.
     4. Any accreditations the Supplier confirms it holds, or intends to hold at the Commencement Date, shall be maintained throughout the Contract Period. Such accreditations may include:
        + ISO22301:2012 Business Continuity Management certification;
        + ISO20000 IT Service Management certifications; and
        + ISO27001:2013 certification (to the extent it is not already a requirement for the Supplier to hold it pursuant to paragraph 5.6 below).
     5. The SSRO maintains Cyber Essentials Plus certification and the Supplier shall have and maintain Cyber Essentials Plus (or equivalent) accreditation for the Contract Period.
     6. The Supplier (or, in the event the Supplier sub-contracts all or part of the provision of the IT system, that sub-contractor) must hold Cyber Essentials Plus (or equivalent) and ISO27001:2013 (or equivalent) accreditation for the Contract Period.
     7. The SSRO maintains the Cyber Essentials Plus certification. All systems provided for the SSRO’s use must meet the Cyber Essentials and Cyber Essentials Plus requirements.
     8. The SSRO’s IT environment uses the Microsoft platform including Windows 10, Office 365, Intune and Enterprise Mobility and Security. This is complemented by infrastructure services including Azure virtualisation, Cisco Switches and ASA firewalls, and wireless networking using Cisco Meraki access points. Staff work regularly and frequently away from the office. Secure connectivity, within the office and when working remotely, is provided through a Zero Trust Architecture solution that utilises iBoss (https://www.iboss.com/). The Supplier must ensure that full system functionality is available to different SSRO user groups when connected to the office network and when working remotely. The SSRO’s Secure Operations Centre (SOC) is currently provided by e2e assure (see <https://www.e2e-assure.com/SCC>).
     9. The Supplier must notify the SSRO of the physical locations where data (including personal data) may be stored, processed or managed by the Supplier and any third-party cloud platform provider. The Supplier shall not transfer any data (including personal data) outside of the UK unless the prior written consent of the SSRO has been obtained, which will be subject to conditions as provided in the Contract. If provision of the Services includes offshoring of data outside the UK, the Supplier must ensure that any necessary additional security provisions required by the SSRO (such as obfuscating IPR related or commercially sensitive data) are in place and that the prior written consent of the SSRO has been obtained.
     10. A single sign on solution is desirable, and, in case this cannot be provided by the Supplier in the context of the SSRO environment specified above, multi factor authentication for all users must be implemented, managed and maintained by the Supplier.
2. Training and Ongoing Support
   * 1. The Supplier shall train up to five staff from the SSRO on the functionalities and use of their technology/software platform, no later than the Service Commencement Date.
     2. The Supplier shall provide ongoing training as reasonably required to ensure a smooth running of the service and to foster greater understanding and ensure service delivery.
     3. The Supplier shall provide facilities and or use remote access solutions as required, Training Materials and suitable qualified resources for the training.
3. Set up and transition
   * 1. The Implementation Period shall commence upon contract award – currently estimated to be 1 February 2024. The Supplier will be required to plan the transition and undertake any necessary transition activities in time for the new operational payroll service to run from 1 July 2024.
     2. The Supplier must manage the effective migration of all current year and historical data (2 year’s data) from the SSRO’s existing Supplier. This must be supported by an audit trail that will be subject to SSRO and audit review.
     3. The Supplier shall work with the incumbent Supplier and the SSRO during the Implementation Period to ensure that, at the Service Commence Date, the Implementation is completed, and the Services are provided fully in accordance with the Specification and the Supplier’s Response.
     4. The Supplier shall deploy (including installation, where applicable) the technology solution in preparation for data transfer in accordance with IT Security conditions.
     5. Implementation is deemed to have been completed/ accepted (and payments in respect of the Services carried out during the Implementation Period, where relevant, will fall due) when:
        + The functionalities are tested and operable.
        + The system meets with SSRO security requirements.
        + Training of SSRO Staff is completed; and
        + SSRO has access to the system from its designated offices as well as owner VPN (outside the office).
     6. There may be a need for parallel running of the service, during the implementation period and to ensure data accuracy.

**Annex 2 – Performance Standards and Key Performance Indicators**

1. **System maintenance** 
   1. The Supplier will ensure that the System/software(s) is maintained in line with the manufacturer’s instructions, which must include any quality assurance checks and service programme maintenance schedules as agreed and set out in the contract.
   2. Planned servicing will take place at a frequency pre-agreed by the Parties to this contract, or more frequently if deemed necessary by the Supplier, at no additional cost to SSRO.
2. **Uptime guarantee**
   1. The Supplier system(s) will achieve 98% availability rate for full use by the SSRO at its site and remotely (“Uptime”)
   2. Uptime shall be measured on a 12 hour day (9am to 9pm, Monday to Friday, except weekends and UK Bank Holidays), 5 days a week basis over fixed three-month periods beginning on the Service Commencement Date (herein a “Quarterly Period”) – see table below.

|  |  |
| --- | --- |
| **Service Support and Uptime** | **KPI Target Requirement** |
| Uptime Guarantee | 98% |
| First time fix (within 4 hours) | 98% |
| Service Response Time | **Priority** within 3 working hours  **Non-Priority** within 6 working hours |
| Telephone Support | Within 30 minutes of original call |

* 1. Supplier system will be considered unavailable if:
  + unable to properly perform its core functions because of a network malfunction;
  + system/software is not producing correct results; and/or
  + the software provided by the Supplier which supports the service are not fully operational to a level which would support full proper use by the SSRO for any reason, providing it is the fault of the Supplier.

**3 Performance Indicators and Reports**

3.1 The table below sets out the Key Performance Indicators which the Contactor will measure to support the performance of the Outsourced Finance Support Services.

**Key Performance Indicators**

|  |  |
| --- | --- |
| **Payroll Service** | **Requirement** |
| Produce payroll on agreed schedule  (in time for payment to employees on 25th of each month) | 98% |
| Distribution of payroll output as per agreed schedule (e.g. journal to general ledger) | 98% |
| Accuracy of payroll processing content  (payroll final within 2 payroll runs) | 98% |
| Electronic pay slips and P60’s on HR system | 25th of each month |
| Reporting to SSRO pension schemes | Last working day each month |
| Achieve BACS deadlines to schedule | 100% |
| Payroll queries (current tax year) | 80% within 1 day  15% within 2 days  5% within 10 days |
| Payroll queries (previous tax years) | 80% within 10 days  20% within 20 days |
| Calculation of net pay to enable manual payments | Up to 10 within 2 working days           11 to 20 within 3 working days  20+ agreed on request |
| HMRC queries | 100% 1 within 10 days |
| Other queries / questionnaires | 100% within 10 days |
| **Service Support and Uptime** | **Requirement** |
| Uptime Guarantee | 98% |
| First time fix | 98% |
| Service Response/Resolution Time | Priority within 3 working hours  Non-Priority within 6 working hours |
| Telephone Support | Within 30 minutes of original call |

3.2 The Supplier shall monitor its performance against each Performance Indicator and send the Authority a report on a quarterly basis (Service Period) detailing the level of performance achieved in accordance with Performance monitoring report.

3.3 The Performance Monitoring Report shall be in such format as agreed between the Parties from time to time and contain, as a minimum, the following information:

* Information in respect of the Service Period just ended for each Key Performance Indicator;
* the actual performance achieved over the Service Period, and that achieved over the previous 3 Service Periods;
* a summary of all Performance Failures that occurred during the Service Period;
* which Performance Failures remain outstanding and progress in resolving them;
* for any KPI Failures occurring during the Service Period, the cause of the relevant KPI Failure and the action being taken to reduce the likelihood of recurrence;
* the status of any outstanding Rectification Plan processes, including:
* relevant particulars of any aspects of the Supplier’s performance which fail to meet the requirements of this Agreement;
* such other details as the SSRO may reasonably require from time to time.