

Report

7

Report to:	Finance and Information Technology Resources Committee
Date of Meeting:	1 February 2011
Report by:	Chief Executive Executive Director (Corporate Resources)

Subject:	Teachers Move to Four Weekly Pay – Implementation Plan
----------	---

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise of the implementation plan to move Teachers to a 4 weekly pay frequency.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that approval be given to give notice to permanent teachers (including probationers) of a move to a 4 weekly pay frequency from April 2011, and for supply teachers to be given notice of a move to a 4 weekly frequency from 2 August 2011
- (2) that to assist in the transition to a 4-weekly pay cycle permanent teachers are offered a repayable advance to pay which will be repayable over a period of a year, be approved
- (3) that the plan for a full communication and advice programme is noted.

3. Background

3.1. Over the past year, the reduction in the frequency of running payrolls has been considered as an area where efficiencies could be gained. A proposal was, therefore, developed which put forward that the Council moves to paying its employees and members on a 4 weekly basis.

3.2. A move to 4-weekly pay for all employees generates efficiencies through being able to run one pay process for all Council employees at the same time. Another significant benefit for moving permanent teachers to 4 weekly pay is to allow their payment to be made in accordance with national agreed terms which require us to pay on a 261 day basis. Currently, through paying monthly, we are not meeting this agreement. Also, a further benefit for teachers will be regular payments throughout the year, with no requirement for lengthy waits for pay over Christmas, or long “five week months”.

- 3.3. From February, employees and members who were previously paid on a two weekly basis will move to a four weekly cycle. To avoid complex tax calculations, the optimum time for teachers to move to the new pay cycle is the new tax year. Therefore, from April 2011, permanent teachers will be paid on a 4 weekly basis.
- 3.4. A paper presented to this Committee on 9 November 2010 recommended that a detailed transition plan for teachers be brought back to this Committee.

4. Current Position

- 4.1. A period of negotiation with the Trade Unions has taken place over the past year which has resulted in an agreed implementation of four weekly pay. Many suggestions made by the Trade Unions have been incorporated into the implementation plan.
- 4.2. It is proposed that permanent teachers are now formally advised that, from April 2011, they will be transferred to a 4 weekly pay cycle.
- 4.3. Supply teachers are currently paid two weeks in arrears for the days they have worked in any given month and they accrue holidays based on the time they work. Transferring supply teachers to 4 weekly pay from April would result in a period of seven weeks between pays. Also, transferring pay frequency will affect the calculation of accrued holidays, and potentially will result in a higher than normal tax implication. To avoid these issues, it is proposed that supply teachers move to a four weekly pay cycle from August 2011 following the school break.

5. Implementation Plan for Move to 4-Weekly Pay

- 5.1. The last monthly pay made to teachers will be on the 24 March 2011. This will pay teachers for work up to the 31 March 2011. The first 4 weekly pay will be made 4 weeks later on 29 April 2011, and will include payment for work from the 1 April to the 28 April.
- 5.2. Supply teachers will commence on 4 weekly pay following the school break in August 2011.
- 5.3. The move to 4 weekly pay will mean that in April teachers will receive their first 4 weekly pay a day later than they would have received their old monthly pay. Their 4 weekly pay will also be lower (about 7.7%) than their previous monthly pay as they will receive an extra pay within the tax year. To assist in managing these issues permanent teachers will be offered an advance of pay of £500 per full time teacher which would be repayable over a year. This advance would be paid alongside their first 4 weekly pay, and should allow teachers flexibility to manage the transition should they request it. Part time teachers will be offered a pro rated amount.
- 5.4. Teachers will have the option to refuse the payment. Due to legal requirements teachers will have to request this transition payment, and agree to the repayments being deducted from their salary.
- 5.5. Teachers will be sent a letter advising them of the move to 4 weekly pay. The letter will also explain the advance of pay option if available, and will include a mandate for them to complete and sign if they wish to take advantage of the advance.
- 5.6. As the payment is a recoverable advance of pay, and will be less than £5,000 there will be no tax implications for almost all employees. Employees with other Council loans (such as car loans), where the total of other loans plus their pay advance

exceeds £5,000 may see a very small impact on their tax allowance. Separate correspondence will be issued to any teacher that this applies to.

- 5.7. As the transition payment is repayable, the making of this payment will have no financial impact on the Council. All advances should be repaid by the end of the financial year 2011/12.

6. Communication and Assistance for Employees

- 6.1. In addition to every teacher affected being sent a letter detailing the change in pay frequency a full communication and assistance programme will be available for those changing pay frequency. This will include :-

- Full team brief on move to 4 weekly pay including details on advance payments
- Access to the Financial Education Team to provide assistance in managing their new pay frequency
- Telephone and e-mail helpdesk contacts for employees to get in touch with questions regarding the changes
- Advice for Managers and Personnel teams on how to help teachers access advice

- 6.2. In the event of an employee suffering hardship as a result of the change of pay frequency, employees would be directed to access professional advice through the Council's Financial Education Teams, and Money Matters. It is not normally in the interests of someone in financial hardship to add further debts to their situation. Therefore, only in extreme cases, where professional advice is that a further advance is the best option, an additional advance may be considered.

7. Employee Implications

- 7.1. Moving to 4 weekly pay for teachers contributes to the efficiencies that the Council will make through moving to a standard pay frequency and the employee levels required within the payroll team will be reduced. The reduction in these posts is being co-ordinated through the redeployment procedures, in line with the Collective Agreement and Matching Process.

8. Financial Implications

- 8.1. Employee savings of £0.150m will be made through the changing of payroll frequency. The move and related reduction in staff will enable a review of the management structure within Corporate Finance leading to ongoing savings.

9. Other Implications

- 9.1. As with many projects there are risks in undertaking these changes. Some employees may struggle to manage their finances through the transition to being paid 4-weekly. As detailed at 5.3 above, to mitigate this risk a repayable advance of pay will be offered to teachers to assist in the transition period. Also, assistance from the Councils Financial Education Team will be offered to those requiring it.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. An equality impact assessment has been carried out on the recommendations contained in this report and, where issues were identified about possible impact, remedial action has been identified as noted above. The assessment is that the proposals do not have any adverse impact on any part of the workforce covered by equalities legislation, or on workforce relations, and the results of the assessment will be published on the Council website.
- 10.2. Consultation has taken place with Personnel Services and the Trades Unions through the JTUC Executive.

Archibald Strang
Chief Executive

22 December 2010

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Value: Accountable, effective and efficient

Previous References

None

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Paul Manning, Head of Finance

Ext: 4532 (Tel: 01698 454532)

E-mail: paul.manning@southlanarkshire.gov.uk