

Report

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Report to:	Finance and Information Technology Resources Committee
Date of Meeting:	9 November 2010
Report by:	Chief Executive and Executive Director (Corporate Resources)

Subject:	Move to Four Weekly Pay – Implementation Plan
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1. Purpose of Report

1.1. The purpose of the report is to:-

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

2. Recommendation(s)

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

- (1) that it be noted that notice will be given to Council employees and members of a move to a 4 weekly pay frequency from February 2011;
- (2) that it be noted that, to assist in the transition from 2-weekly to 4-weekly pay, Council employees will be offered a repayable advance to their pay, which will be repayable over a period up to 23 pays;
- (3) that it be noted that an implementation plan for Phase 2 (teachers) will be brought back to this Committee prior to implementation in April 2011; and
- (4) that the plan for a full communication and advice programme be 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 Council employees and members be paid 4 weekly.
- 3.2. A report submitted to this Committee on 16 March 2010 recommended that work to develop a process to pay council employees and members on a 4-weekly basis commence and that a detailed transition plan be submitted back to this Committee.
- 3.3. A move to 4-weekly pay would generate efficiencies through having to run pays less often and process additional payments on a less frequent basis. By reducing the number of payruns, the number of employees needed to enter data and perform the checks and processes involved in running the payroll, would reduce.

4. Current Position

- 4.1. A period of negotiation with the Trade Unions has taken place over the past 11 months. Through this period, proposals on how to implement 4 weekly pay have been discussed, and suggestions from the Trade Unions have been incorporated into the proposal.
- 4.2. It is now proposed that Trade Unions and employees are formally advised that from February 2011, Members, local government employees including the Leisure and Cultural Trust, Lanarkshire Valuation Joint Board, SEEMIS and the Lanarkshire Community Justice Authority will be transferred to a 4 weekly pay cycle.

5. Implementation Plan for move to 4-Weekly Pay

- 5.1. The last fortnightly pay made to the employees detailed at 4.2 will be on 4 February. The first 4 weekly pay will be made 4 weeks later on 4 March 2011.
- 5.2. To assist employees in managing the transition to 4 weekly pay, midway through this initial period (ie on 18 February 2011), employees would be offered an amount of money equivalent to their 2 weekly pay, which would be repayable over a period of time. This amount will be calculated as an average of the last four pays received by the employee.
- 5.3. Employees will have the option to repay the advance of pay over 10 pays or over 23 pays. They will also have the option to refuse the payment. Due to legal requirements, employees will have to request this transition payment, and agree to the repayments being deducted from their salary.
- 5.4. Employees will be sent a letter advising them of the move to 4 weekly pay. The letter will also explain the advance of pay options available, and will include a mandate for them to complete and sign if they wish to take advantage of the advance.
- 5.5. 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. Staff who have other loans with the Council (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. The impact will affect approximately 30 employees and employees will be fully briefed in correspondence to ensure they fully understand any tax implications for them.
- 5.6. As the transition payment is repayable, the making of this payment will have no financial impact on the Council, however the Council's balance sheet will hold amounts still due to be repaid as at the end of financial years 2010/11 and 2011/12.
- 5.7. It is proposed that, for teachers, moving to 4 weekly pay is managed through a second phase, with implementation planned for April 2011. An implementation plan for teachers will be brought back to this Committee.

6. Communication and Assistance for Employees

- 6.1. In addition to every employee 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 transition payments
 - ◆ Article in Works magazine advising of the change.

- ◆ Drop in events facilitated by 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 employees 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. The number of employees required to enter data, run, process and check 4-weekly payrolls will be less than currently required. There are currently twenty three full time equivalent posts in payroll and it is estimated that the structure could be reduced by up to seven posts. The reduction in these posts will be 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 5.2 above, to mitigate this risk, repayable payments will be offered to employees to assist in the transition period. Also, communication on the issues will be provided to employees in advance of the changes and advice 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 Trade Unions through the JTUC Executive.

Archibald Strang
Chief Executive

Robert McIlwain
Executive Director (Corporate Resources)

12 October 2010

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

- ◆ Value: Accountable, effective and efficient

Previous References

Finance and Information Technology Resources of 16 March 2010

List of Background Papers

None

Contact for Further Information

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

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