

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer – People & Technology****Corporate Services Committee – 7<sup>th</sup> February 2024**

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**Subject: Review of Interim Change to Fortnightly Pay Frequency****1. Purpose**

- 1.1** The purpose of this report is to update committee on the review agreed as part of the interim change to the 2-weekly pay frequency.

**2. Recommendations**

- 2.1** Note the findings of the review and agree a permanent cessation of fortnightly pay.

**3. Background**

- 3.1** The Corporate Services Committee [approved](#) an interim change to the fortnightly payrun on 17 August 2022. This was largely driven by the significant increase in the volume of work experienced by the Payroll team since the pandemic as outlined in section 3.3 of the paper. The volume has not diminished.
- 3.2** Since August, the team also experienced the loss of the Payroll Section Head who had considerable input into the more complex tasks expected of the team, for example processing the retrospective pay award received just before Christmas in 2022 for financial year 2022/23. Given the scale of the financial gap, the team has subsequently been restructured, combining payroll and transactional HR under the one remaining Section Head. This move aims to increase resilience by combining the two transactional teams albeit at the loss of the experienced Section Head, and the subsequent deletion of the post.
- 3.3** The Council will continue reviewing processes across the transactional services, including system improvements and automation. The payrun review considered how re-introduction of the fortnightly pay frequency would impact on the team capacity and the ability to enable further necessary improvements.
- 4. Main Issues**
- 4.1** At the time the interim change was agreed, there were 667 employees paid fortnightly. Employees were offered the choice of 4 weekly or monthly with

the majority opting for the former (516), 54 monthly and 97 leavers since the change was applied.

**4.2** As a reminder, the benefits of removing the fortnightly pay frequency included:

- Ability to pay in advance of pay period end date as opposed to 11 days in arrears;
- Ability to issue payslips earlier as significantly reduced pay administration;
- Better use of the limited capacity within the transactional teams but especially focused on payroll deliverables;
- Ability to handle the vast range of statutory reporting to partners such as SPPA, SPFO, HMRC, and 3rd parties such as Credit Unions, etc timeously;
- Optimal handling of the complex multi tax-year pay awards which have been common over the past few years;
- Optimal handling of tax year end ensuring ability to meet statutory deadlines, issue P60s, etc.;
- Optimal handling of new tax year mass update tasks, e.g., tax code uplift, pay increments, pension contribution rate re-banding, etc.;
- Reduction in errors causing additional work for both the manager and transactional teams, and greater employee satisfaction;
- Ability to extend the electronic payslip facility to this group via a personal email account password protected by their National Insurance number; and
- Simplified payroll processing calendar with fewer pay cycles.

**4.3** Since the transition of fortnightly paid to either 4-weekly or monthly payrun, subsequent requests or issues raised have been monitored. Only 4 additional requests to move to the monthly cycle were received.

**4.4** The Working4U team have further confirmed the following in respect of future decisions as to pay frequency:

- Employees in receipt of Universal Credit (UC) and/or facing budgeting challenges should consider changing from 4-weekly to monthly. This overcomes the issue presented when in receipt of 2 pays in one month which reduces or even stops UC benefits in that month. This would occur 3 times a year and would require re-application for UC in each case. Detailed information on UC has been communicated to the workforce and is available [here](#).
- Anyone seeking support from W4U and on a 4-weekly pay frequency, would be advised to change to monthly rather than fortnightly. This is mainly due to bills (i.e., rent/mortgage/utilities/Hire Purchase/credit cards etc.), that are generally due on monthly cycles. Where difficulties are being experienced, reverting to a monthly cycle, as available to any employee, can be more beneficial. In reverting to fortnightly, W4U would advise setting up two bank accounts – one for bill payments and another

for living expenses. This would require closer budget management and ideally access to banking apps to manage. This would be challenging for those without smart devices, ready access to broadband/wi-fi and limited digital skill.

- 4.5** Experiential feedback was also gathered directly from the Payroll team, supported by their TU representative, on the volume of additional work that would be generated by the re-introduction of fortnightly pay. As previously reported, the team have only just started to stabilise following the spike in demand during and after pandemic, resourcing challenges presented by higher than usual turnover including retirement of several experienced colleagues. Adding this pay frequency back into the workload would require 3 days of a supervisor's time per pay so 6 days each month (almost 30%) which is a considerable drain on the small team and would undoubtedly detrimentally impact other important tasks.
- 4.6** The team comprises 2 FTE supervisors and 5 FTE payroll assistants with little spare capacity given the volume of statutory tasks e.g., processing pay, returns to pension administrators (SPFO and SPPA), multiple statutory returns to HMRC, managing Auto Enrolment cycles, and many others. These tasks are undertaken for just under 8,500 employees across the Council, our partners and the Elected Members. The team also processes election pay as required.
- 4.7** The payroll function, like others across the organisation, must focus on wider process improvement which is now especially critical to cope with increased demand, releasing capacity and generating savings for the immediate team and wider service areas. These much-needed changes would not be feasible should fortnightly pay be reintroduced.
- 4.8** In short, while there may be a desire from some to include a fortnightly pay in the council's offering, given the challenges this poses to benefit recipients, the difficulty in accommodating the additional workload and concerns about retention of the team in an ever changing and complex space, it simply is not feasible to reintroduce this pay frequency.

## **5. People Implications**

- 5.1** Anyone who wishes to move to monthly to avoid impacting Universal Credit (UC) payments or indeed for budgeting purposes, will be moved at the earliest opportunity. This offer, extended to all, will also be reiterated in the wider employee communication including the detailed UC information.
- 5.2** In the event that fortnightly pay was reintroduced, those moving back to this frequency would have a 4 week wait for their next pay as the fortnightly run was calculated in arrears. This may well create further budgeting challenges for the employees.

## **6. Financial and Procurement Implications**

- 6.1** The proposals outlined above are necessary to manage the level of administration experienced by the transactional teams especially Payroll and to achieve the various legislative obligations some of which, at the current time, have had to be extended. Whilst no direct cashable savings are foreseen, nor is that the intension, it will most definitely deliver time release savings, failure of which has the potential to result in additional resource being sought. This is challenging both in the delivery of the circa 12-month training programme by the team already struggling with the workload and in light of the reduction in allocated funding.

## **7 Risk Analysis**

- 7.1** Reverting back to the fortnightly pay risks the Council's ability to make accurate and appropriate payments to employees, Elected Members and partner organisations. Furthermore, statutory payments to a whole range of agencies may be delayed, inaccurate and causes further problems for employees in future, e.g., pension records not correct, tax changes not reported in a timely manner etc.

## **8. Equalities Impact Assessment (EIA)**

- 8.1** A high level Equality Impact Assessment was carried out for the initial proposal which remains relevant. This showed that retaining fortnightly pay disproportionately affected male employees given they formed the larger percentage, at odds with the overall male/female demographic split. No complaints were received following the transfer to monthly/4-weekly frequencies.

## **9. Consultation**

- 9.1** This proposal has been discussed previously with the Trade Unions and the outcome of the review was shared early November 2023.
- 9.2** At time of issue, no formal feedback had been received from either Unison or Unite.
- 9.3** GMB confirmed that they conducted a survey of those formerly on fortnightly pay and received responses from only 153 (26%). Of these, 112 (73%) indicated their desire to revert to fortnightly pay. In the context of the broader workforce, the 112 respondents represent just 1% of the total workforce serviced by payroll. Given the significant risk associated with reintroducing a fortnightly pay, it is prudent to consider the wider implications.

## **10. Strategic Assessment**

- 10.1** The proposals set out within this report will assist the Council to deliver against its strategic priority “to deliver efficient and effective frontline services that improve the everyday lives of residents”, by contributing to the supporting outcome of being a “continuously improving Council delivering best value”.

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Date: 24 January 2024

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**Appendix:** EIA # 817

**Background Papers:** None

**Wards Affected:** None

