

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer – People & Technology****Corporate Services Committee: 17 August 2022**

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**Subject: Interim Change to Pay Frequency****1. Purpose**

- 1.1** The purpose of this report is to seek agreement of the proposed interim change to the 2-weekly payrun.

**2. Recommendations**

- 2.1** The Committee is asked to approve the interim change to the 2-weekly payrun which will transition employees to the 4-weekly payrun from 1 October 2022. This will initially be for a 12 month period with a review thereafter.

**3. Background**

- 3.1** As part of the Council's commitment to continuous improvement, a project to modernise pay processes, reduce the number of payruns, and maximise the use of the integrated HR and Payroll system was agreed with our trades unions and subsequently by the Corporate Services Committee on [13<sup>th</sup> November 2013](#).
- 3.2** The project ensured the delivery of a number of organisational benefits through the reduction and consolidation of pay cycles; facilitated the removal of duplication, eradicated manual and outdated administrative processes in services and allowed available resources to be redirected to other priorities. Crucially, the changes allowed the necessary time and effort to be focused on the significant workload associated with legislative and statutory changes including Real Time Information (RTI) which is an HMRC requirement, and Public Service Pension Reform.
- 3.3** As a direct consequence of the pandemic, the payroll team (6.8 FTE across 8 posts) has experienced significant increases in their workload through unprecedented demand arising from recruitment of extra social care workers, cleaners and teachers; the sheer volume of transactions; turnover within the team; the complexity of pay awards; the additional one-off payments to the social care and teaching workforce groups, and a myriad of other pay related matters, all of which make this interim proposal necessary. In addition to the ongoing nature of the transactional work, the team are responsible for the many statutory returns to HMRC, Strathclyde Pension Fund Office (SPFO) and Scottish Public Pensions Agency (SPPA). With the level of manual intervention required for the 2 weekly payrun, it simply cannot be sustained at

this time. Discussions have been ongoing for some months with various interventions and changes implemented to support the team. However more is required to stabilise the workload and, through agreement with our trades union colleagues, this proposal was developed.

- 3.4** The Council will also review processes across the transactional services, including system improvements and automation, however this change to pay frequency is vital to underpin and enable those improvements.

#### **4. Main Issues**

- 4.1** The current payroll setup<sup>1</sup> is as follows:

<b>Payroll ID</b>	<b>Frequency</b>	<b>Employee Group</b>	<b>Paid</b>	<b>Notes</b>
<b>4W</b>	4-weekly	Local Government Employees	Every 4 <sup>th</sup> Thursday	Paid to the Sunday after pay date (3,584 employees)
<b>2W</b>	2-weekly	Local Government Employees	Every 2 <sup>nd</sup> Tuesday	Pay date is 11 days after period end date (620 employees)
<b>10</b>	Monthly	Teachers and Local Gov.)	28 <sup>th</sup> of month	Paid for the calendar month (2,661 employees)

- 4.2** The current proposal would transition the 2-weekly paid employees to the 4-weekly payrun with effect from 1 October 2022. This would allow for a suitable period of communication and from October, would result in the eradication of pay in arrears for this group effectively being paid up to the Sunday after pay date instead of 11 days in arrears.

- 4.3** When the new payruns went live in April 2014, the movement of employees from old to new frequencies was as follows:

<b>Old Payrun</b>	<b>New Payruns</b>		
	<b>Fortnightly</b>	<b>4-weekly</b>	<b>Calendar Monthly (28<sup>th</sup>)</b>
<b>Weekly</b>	870	647	N/A
<b>Fortnightly</b>	247	41	N/A
<b>Monthly (15<sup>th</sup>)</b>	N/A	1731	1951

- 4.4** Since implementation of the revised payrun structure in April 2014, a number of employees have voluntarily moved from the fortnightly run to 4-weekly payrun and from the monthly run to 4-weekly. All new employees are paid 4-weekly.

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<sup>1</sup> Excluding Councillors and VJB

**4.5** The numbers and percentage of 2-weekly paid employees potentially affected by this proposal are outlined below, split by earnings and sex. A key observation from the figures below is the split of males and females as a percentage of total employees on 2-weekly payrun. Of the total 667 employees, 69% are females and 31% males. The overall workforce split by sex is roughly 75% female and 25% male so this group has disproportionately more males than we would expect, thereby not aligning with our workforce demographic.

Pay Type	0 - 10k	11 - 20k	21 - 30k	31 - 40k	41k +	Total
<b>Total on 2-weekly Payrun</b>	<b>226</b>	<b>255</b>	<b>175</b>	<b>11</b>	<b>0</b>	<b>667</b>
No. of Females	205	210	45	0	0	<b>460</b>
No. of Males	21	45	130	11	0	<b>207</b>
% employees that are Female of total 2-weekly paid employees	31%	31%	7%	0%	0%	<b>69%</b>
% employees that are Male of total 2-weekly paid employees	3%	7%	19%	2%	0%	<b>31%</b>

Split of 2-weekly paid employees by team:

Split by Team	No. of employees	% of total employee by sex within each category
<b>Female</b>	<b>460</b>	
Care at Home Services	197	43%
Childcare	1	0%
Communication Events & Engagement	1	0%
Early Years	1	0%
Facilities Management	204	44%
Learning Disability Service	5	1%
Primary Schools	3	1%
Residential & Care Homes	14	3%
Roads & Transportation	8	2%
Secondary Schools	2	0%
ASN	3	1%
Leisure Trust	21	5%
<b>Male</b>	<b>207</b>	
Care at Home Services	8	4%
Childcare	1	0%
Customer Services	1	0%

Split by Team	No. of employees	% of total employee by sex within each category
Facilities Management	29	14%
Fleet & Waste Services	57	28%
Greenspace	60	29%
Housing Development & Homelessness	1	0%
Housing Operations	5	2%
Learning Disability Service	1	0%
Residential & Care Homes	4	2%
Roads & Transportation	14	7%
Leisure Trust	26	13%

**4.7** Key benefits associated with the change gleaned from past experience and from payroll team feedback will include:

- 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 payroll administration;
- Better use of the limited capacity with the transactional teams but especially focused on the payroll team;
- 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 more common over the past few years for the remaining payruns;
- 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; and
- Simplified payroll processing calendar with fewer pay cycles.

**4.8** As a consequence of this proposal, the Council would be able to extend the electronic payslip facility to this group by allowing them to nominate a personal email account and securely (password protected by their National Insurance number) receive and view their own payslip at any time. This has an indirect benefit to the Council in terms of reducing the number of paper payslips issued and resulting in reductions in printing, postage and distribution costs.

**4.9** The further consolidation of the fortnightly payroll is a business necessity to significantly reduce pay run administration, improve the service provision to our employees and maximise use of technology, providing the basis for a sustainable payroll service in meeting current and future challenges. The

proposed implementation date of 1 October 2022 allows for the level of preparation, planning and consultation required and allows employees sufficient time to manage any personal financial and banking arrangements to accommodate the changes.

## 5. People Implications

- 5.1** Critical to the success of the project will be further consultation with the trade unions and effective communication with the employee groups. Whilst this proposal will clearly impact the employees on 2-weekly pay, we believe given the voluntary migration of employees from 2-weekly to 4-weekly payrun maximising the net pay received in any one period and the removal of paying in arrears are key benefits.
- 5.2** Additionally, for those in receipt of Universal Credit (UC), both 2-weekly and 4-weekly paid staff on UC are likely to have an adverse impact on their UC payments where their pay varies from the standard pay. E.g. in the financial year 2022/23, the 2-weekly paid staff will receive three fortnightly pays in June 2022 and also three fortnightly pays in December 2022 (than the standard two pays). However, the 4-weekly paid staff will only receive two 4-weekly pays in March 2023 (than the standard one). In both scenarios, their UC is likely to be impacted due to change in level of assessed income. That said, the pay is one factor in a range of factors which DWP use for assessment and it is not certain that all staff on either pay frequency will be affected the same. Therefore the true impact of moving staff from 2-weekly to 4-weekly on account of this should be minimal given there will only be one assessment period impacted with 4-weekly pay frequency and those staff currently paid fortnightly will be aware of the impact their pay frequency has on their UC entitlement.
- 5.3** This proposal will see this group receive their last 2-weekly pay on 06/10/2022 with their first 4-weekly pay on 13/10/2022. The detailed transition plan is highlighted below. Where necessary any employee who needs assistance will be directed to Working4U who will be able to assist them with the relevant support.

<b>Pay Date</b>	<b>Narrative</b>	<b>Weeks Paid</b>	<b>From</b>	<b>To</b>
06/10/2022	Last 2-weekly pay	2	12/09/2022	25/09/2022
13/10/2022	1st <b>Partial</b> 4-weekly pay	3	26/09/2022	16/10/2022
	<b>Total Weeks Paid</b>	<b>5</b>		
10/11/2022	1st <b>FULL</b> 4-weekly Pay	4	17/10/2022	13/11/2022

## **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 is likely to result in additional resources to be 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** Retaining the 2-weekly payrun at this time will potentially endanger 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 has been carried out on the proposal to further streamline the number of pay runs. This will continue to be monitored as more detailed proposals are developed. This does show that this proposal does disproportionately affect male employees given they form the larger percentage of total 2-weekly payrun split. While this is not aligned to the overall male/female employees split for the council overall which is around 25% male and 75% female, it does not present an equalities risk.
- 8.2** The proposals will align pay processing for all employees within the organisation. It is recognised that there is likely to be an initial short-term impact on employees moving payroll and the appropriate supports will be available to mitigate this.

## **9. Consultation**

- 9.1** This proposal has been discussed previously with the Joint Trades Union and they have unanimously confirmed agreement in principle to support the payroll team and protect the delivery of a robust pay service to the entire workforce.

## **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: 14 July 2022

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**Appendix:** EIA

**Background Papers:** None

**Wards Affected:** None