

MELBOURN PARISH COUNCIL

District of South Cambridgeshire

Meeting: 24th February (Full Council)

Agenda Item: PC148/19 b)

Date of Report: 20/01/20

Proposal to change payroll basis to equal monthly payments

Current Position

Staff are paid for either a 4 or a 5 week period depending when the Parish Council meeting falls that month. They are paid up to the Friday before the meeting. Most staff fill out timesheets to support hours worked that period.

Proposed Position

Staff to be paid an equal monthly salary calculated as (contracted weekly hours x 52)/12. Any additional hours to be approved by HR Panel or Clerk as appropriate and submitted on a monthly basis by the payroll deadline. Staff to fill out timesheets if thought to be useful/necessary for management purposes (determined by HR Panel and/or Clerk).

Payment date to be standardised e.g. 25th every month (or Friday nearest to that date) – date t.b.a.

Salary rates are approved by the HR panel when the annual budget is set and will increase according to NALC pay negotiations or as otherwise recommended by the HR Panel and approved by MPC.

Timing for Proposed Changes

If the new system is approved it would start on 1st April 2020 which is the new financial year for MPC and will also fall into the new tax year for employees.

Advantages

Certainty for employees about salary amount to be received – useful for planning finances, loan/mortgage applications etc

Certainty for employees about when salaries will be paid.

More flexibility for RFO in running payroll – at the moment it has to be done in line with MPCs monthly meeting schedule. Payments approvals lists and payroll usually end up being run on the same day to meet agenda deadlines, involving late working.

Better internal controls around salary payments - bank signatories can check employees payroll calculations to the approved list of annual/monthly salaries.

More accurate auto-enrolment pension calculations. Technically we are meant to enrol employees in the pension scheme when their pay exceeds the monthly threshold. This happens for some employees in a 5 week pay period, even though their annual salary falls below the auto-enrolment threshold. We are less likely to fall foul of these rules on an equal monthly payment basis.

Disadvantages

Employees and staff are used to the current system and may like it.

Proposed system may not work so well for staff whose hours are likely to vary significantly from month to month.

Cheque signatories may have to approve salary payments on a different date to the main payments run – extra work.

Gabrielle van Poortvliet
RFO – Melbourn Parish Council

20/01/20

Page 1 of 1