

**TO: EMPLOYMENT COMMITTEE
4 OCTOBER 2017**

**DECEMBER PAY DATE
Director of Corporate Services (HR)**

1 PURPOSE OF REPORT

- 1.1 To consider whether to change the December pay date to the last working day of the month.

2 EXECUTIVE SUMMARY

- 2.2 For many years the December payroll run has been earlier in the month, for reasons that in some cases are now outdated. This paper considers the arguments for and against changing this to make it the last working day of the month, from the perspective of both individuals and the organisation. Changing the date would provide an opportunity to improve the process for managers and for payroll.

3 RECOMMENDATION

- 3.1 **That Employment Committee approve that the December pay date to be moved to the last working day of December for all staff, subject to full trade union agreement.**

4 REASONS FOR RECOMMENDATION

- 4.1 The issue initially arose from an enquiry from UNISON, who said that some members in receipt of Universal Credit were experiencing financial issues due to the early pay dates in December, and wanted to know if they could be paid at the same date as in other months. It is not practically possible to pay some employees at a different date from others – even if we could identify those who might be receiving Universal Credit from the Council where they lived – but it did raise a question on whether the early pay date was universally welcomed. Employee opinion appears to be divided on the subject, depending on individual circumstances.
- 4.2 However, the organisation would benefit from a later December pay date as the current arrangement means they are working to much tighter payroll deadlines, as are all the managers who send them instructions and timesheets.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Retain the status quo and continue to pay early in December. This would avoid creating a controversy with some staff, but at the expense of perpetuating a difficult payment processing system for payroll and managers.

6 SUPPORTING INFORMATION

- 6.1 Anecdotally, while some employees welcome the early payment to help with additional Christmas expenditure, others find it hard to manage the longer interval to being paid again in January or, as the UNISON approach suggested, experience difficulties relating to Universal Credit. Widespread use of credit cards probably makes the issue of the early payment date less critical than it once was. However Payroll reports getting calls from individuals who are experiencing financial problems due to the long interval between December and January pay dates. These are more likely to be employees with low combined family income.
- 6.2 Historically, part of the reason for early payment was to get the payslips delivered to schools before school term ended. Payslips are now electronic and can be accessed from home or checked when convenient.
- 6.3 The payroll date is common to all staff and schools. Payroll has a strong preference for a later date, as the current pay date means that the deadlines for payroll actions in December are much more challenging than in other months. If payroll dates are not met and instructions not received in time, errors in pay and late payments can occur, which of course impacts adversely on employees as well as requiring corrective action. The payroll section is staffed between Christmas and New Year, to deal with any queries if the payroll date is moved to the last working day of the month.
- 6.4 The early pay date for December also means that managers have less time before payroll cut off date to make any changes/submit any timesheets. A later pay date may be welcomed by managers who will have the same time to complete their tasks as in any other month.
- 6.5 Terms and conditions of employment refer only to the salary being paid on the last working day of each month, so no contractual change would be required, but as the early payment is long established as custom and practice, the unions would need to be formally consulted on this proposed change. After an informal approach was made to teacher unions, they felt that early payment before Christmas was a recruitment and retention incentive. UNISON's approach about individuals with financial difficulties however highlighted that in lower income families it can have an adverse impact.
- 6.6 In the unlikely event that schools and non-schools unions are not in agreement on the pay date, the status quo would have to be maintained as we have only one payroll run.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 The LA has the legal power to make this change. In the interest of good employee relations the change should be notified to staff at the earliest opportunity to give sufficient time to those identified within the report as more financially vulnerable to prepare for the change.

Borough Treasurer

- 7.2 There would be a minor financial advantage to the Council in paying staff later in December, however this is not a driver for the proposal which has been prompted by the issues highlighted in the body of the report.

Equalities Impact Assessment

- 7.3 A perceived positive impact for some groups of employees may be offset by a perceived negative impact on others. However, the employees more likely to experience difficulties are those in lower income groups and the impact upon them is likely to be more severe at a personal level.

Strategic Risk Management Issues

- 7.4 To follow

Other Officers

- 7.5 To follow

8 CONSULTATION

Principal Groups Consulted

- 8.1 Further consultation with the Local Joint Committee is required if CMT decides to pursue this issue.

Method of Consultation

- 8.2 Normal union channels. Further consultation will be required with the Schools Forum.

Representations Received

- 8.3 Teacher unions felt that the early payment date before Christmas was a recruitment and retention advantage.

Background Papers

None

Contact for further information

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